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Chapter 4

Valuable Information for Stakeholders or Corporate Spin? The View of Non-Financial Reports Potential Preparers and Users

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For decades, a shareholder approach was perceived as the only acceptable approach in economics, finance, management, and accounting. Its omnipotence was evident in reporting which consisted mainly of financial reporting. The stakeholder theory proposed by Freeman ventured its dominance (Freeman et al., 2010). The latter gives a voice to different groups and individuals related to the company. For years, the so-called Friedman-Freeman debate has been conducted. When Friedman refers predominantly to legal aspects and the fiduciary obligations of managers towards stakeholders, Freeman refers to the company's moral obligations to society (Nowak, 2015). Freedman, in his works, postulates the accounting for stakeholders. This concept includes the necessity to inform various stakeholders about the company's actions *via* an accounting system. Accounting scholars acknowledge the importance of stakeholder theory (Manetti & Belluci, 2018).

The parallel to Freeman's postulates enclosed in stakeholder theory, corporate social responsibility and sustainability concepts were introduced. As a consequence, various reports distinguished from financial statements are recommended. However, the question emerges if the companies use these reports for the good of their stakeholders or just for impression management purposes. Owen, Swift, and Hunt (2001) suggest that despite seemingly endorsing active stakeholder engagement, Social and Ethical Accounting, Auditing and Reporting is little more than a 'corporate spin'. This statement is an inspiration for the research presented in this paper.

The chapter aims to explore the primary real purpose that non-financial reporting (including environmental and social reporting) serves. The inquiry takes a behavioural approach. It does not analyse the legal aspects of such reporting but focuses on stakeholders' (potential users and preparers) perceptions of such reports. This study's primary research question is: Is social and environmental reporting a valuable source of knowledge for stakeholders, or merely a corporate spin and impression management?

4.1. Stakeholder Theory

The stakeholder concept was introduced in the United States of America by Stanford Research Institute and in Sweden by Rhenman in the context of information organization (Freeman, Phillips, & Sisodia, 2020).

As a theory, stakeholder theory was introduced by Freeman in 1984. The theory is based on a strong ethics foundation (Kessler, 2018) and has a normative core (Purnell & Freeman, 2012). It also advances the notion that organizations that take particularly good care of their stakeholders (i.e., customers, suppliers, employees, and communities) will function more effectively and create more value (Kessler, 2018).

Today, there is not one stakeholder theory, but a whole set of different stakeholder theories exists. Among them, three main groups can be distinguished: descriptive stakeholder theory, normative stakeholder theory, and managerial stakeholder theory (Donaldson & Preston, 1995).

Moreover, there are changes in understanding who or what a stakeholder is. In the literature, there is a long-standing debate about it (Laine, 2010). The scholars also distinguish many stakeholder attributes and types (Mitchell, Agle, & Wood, 1997; Santana, 2012). The most complex and up-to-date analysis of stakeholder literature determines 15 types of stakeholder definitions (Miles, 2017).

4.2. Friedman Versus Freeman Debate

The main discussion relating to the stakeholders' concept was the so-called Friedman-Freedman debate. They contrast the stockholder approach with the stakeholder approach (Smith, 2003). They both are based on ethical assumptions. Friedman's capitalistic shareholder view put the company's owner in the centre, claiming that shareholders possess legitimacy based on ownership rights and arguing that the managers have fiduciary obligations towards them. This approach is coherent with the best-known condensation of Friedman's view on business ethics, which is *the social responsibility of business is to increase its profits*. The Freeman stakeholder approach emphasized the rights of different entities and argued that ownership rights are not unlimited. The debate is reflected in accounting when classical, 'for-shareholders' accounting contrasts with 'accounting for stakeholders'. The differences are reflected primarily in the design of the accounting system and reporting. While classical accounting aims to report the traditionally desirable company's goals, such as profitability, accounting for stakeholders is destined to disclose how the company's actions affect and bring value to different stakeholders.

The analysis of the status of this debate after the Enron and other financial scandals in the U.S. shows that the financial crisis, as the effect of the ethical crisis, resulted in the prevalence of stakeholder theory (Freeman approach) (Smith, 2003).

Freeman et al. (2010) notice that 'capitalism' narration pre-dominates in business and enumerates different types of this capitalism (labour capitalism, government capitalism, investor capitalism, managerial capitalism, entrepreneurial capitalism). Aware of its crucial problems (competition, the existence of dominant groups, and ethical issues), Freeman et al. (2010) propose an alternative approach called stakeholder capitalism. Six underlying principles guide stakeholder capitalism: stakeholder cooperation, the principle of stakeholder engagement, the principle of stakeholder responsibility, the principle of complexity, the principle of continuous creation, and the principle of emergent competition.

Freeman et al. (2010) argue that stakeholder theory rejects the hard separation of financial and social value and that financial performance and social performance make a category mistake. Nevertheless, most research within finance or accounting focuses on one of the two categories. Financial value inquiries within stakeholder theory focus on the impact of stakeholder behaviour on companies' financial performance, stakeholders' influence on accounting, and stakeholders' reactions to financial data disclosure. Social value investigations focus on non-financial reporting, the development of ethical measures, and companies' spending that address stakeholders' needs.

Freeman et al. (2010) observe that a central issue concerning stakeholders in finance literature is whether managing stakeholders improves profits. The debate is based on the assumption that satisfying a broad group of stakeholders is inconsistent with the ideas of shareholder wealth maximization (Freeman et al., 2010).

According to Jones (1995), finance scholars only acknowledge the moral foundation of stakeholder theory regarding a firm's obligation to its shareholders and other financiers. Nevertheless, they recognize the importance of stakeholders in providing high financial returns, consistent with an instrumental stakeholder perspective.

4.3. Accounting for Stakeholders

Accounting for stakeholders can integrate economic and ethical aspects (Nowak, 2020). Freeman enumerates the five most significant challenges and further study directions, for two of them focus on the sphere of accounting. The first issue addresses whether present accounting methods are enough and adequate for analysing the performance of companies. The second challenge is how to shape and do accounting. As Freeman observes, current accounting systems are investor-oriented and focused on how managers shape value for shareholders and stockholders. They do not take into consideration the value for stakeholders. However, when the stakeholder approach is at the centre of economic and business life, the question of accounting for stakeholders emerges (Freeman, 2017).

Van Buren, Mitchell, Greenwood, and Freeman (2012) analysing different stakeholder theories find one common element. All of them emphasize the necessity of adequate information. The concept of accounting for stakeholders emerges. The accounting theory assumes the necessity of appropriate, delivered on-time, and understandable information. Consequently, accounting for stakeholders assumes that stakeholders need appropriate, delivered at the time, and understandable information so they can make information-based decisions.

Freeman et al. (2010) argue that stakeholder theory rejects the hard separation of financial and social value. They notice that parallel to the extension from financial to non-financial reporting is the shift from a mono-stakeholder (i.e., shareholders) to a multistakeholder model (Freeman et al., 2010).

As reporting is an important element of accounting, non-financial reporting, which focuses mainly on social and environmental issues, can play an important role in accounting for stakeholders. As various groups of stakeholders exhibit different competencies in 'numerical' accounting which is conducted using monetary values, non-financial accounting has a more dialogic character and focuses on narration, which is more acceptable for stakeholders who are not accounting professionals.

However, it should be observed that accounting for stakeholders, especially non-financial accounting, can also serve more legitimization than ethical and stakeholder purposes. Łada (2021) discusses the 'facade of social responsibility accounting', presenting the symbolic aspects of non-financial disclosures and their legitimizing purposes.

4.4. Research Method

The inquiry presented in this chapter takes the form of qualitative investigation, with the use of narrative and content analysis.

The respondent group consisted of final-year graduate accounting students. Several factors dictate the purpose of the selection of this group:

- the knowledge of accounting, including reporting, acquired during the studies,
- the career choice in accounting makes it probable that the respondents will be preparers or users of such statements in the future,
- students are usually the group that is concerned a lot with ecological and social possibility issues.

The group characteristic is presented in Tables 4.1–4.3.

Table 4.1. Respondents, according to age group

Age group	No. of respondents
23	14
24	17
25 and more	24
Unassigned	2

Source: own presentation.

Table 4.2. Respondents, according to gender

Gender	No. of respondents
Female	49
Male	7
Unassigned	1

Source: own presentation.

Table 4.3. Respondents, according to their professional experience in accounting

Experience in accounting	No. of respondents
More than 4 years	4
From 2 to less than 4 years	25
From 1 year to less than 2 years	11
Lack of experience	15
Less than 1 year	1
Unassigned	1

Source: own presentation.

The respondents were to answer two questions. One asks them directly if they think social and environmental reporting is valuable information for stakeholders or the corporate spin manifestation. The second question asks whether it should be obligatory or non-obligatory. In each case, the respondents were also asked to discuss and explain their opinion. Before completing the task, respondents were given exemplary social and environmental reports. The answers were collected *via* MS Teams, and the responses were coded and analysed using NVivo software.

4.5. Study's Findings

The analysis of narratives results in the exploration of a general approach to non-financial (social and environmental) reporting and the identification of other issues.

Generally, the opinions on the reports were identified as corporate spin, valuable information, or both, and their justification was explored. Also, the arguments and conditions for reports being obligatory or non-obligatory were given. Also, the inquiry identified more complex issues, such as reasons and purposes of issuing statements, conditions for their effectiveness, and disadvantages of reports.

Inquiry shows that environmental and social reporting can be seen as:
- valuable information for stakeholders (indicated by 19 respondents),
- corporate spin (7 respondents),
- both aspects (21 respondents).

The examples of narrations that justify the first point of view are the following:

> *I think that such reports are a piece of valuable information for stakeholders because they exhibit the strategy realization, information about company management and results in the scope of corporate social responsibility, which enhances company responsibility building.* (Respondent no. 13, female, aged 24)
>
> *In my opinion, such reports [give] valuable information because they present many data about their activities and the impact on the environment. It is essential for companies that extract natural resources, such as KGHM or Orlen. They are big companies, and their activities have great significance, and they can implement different systems or facilities to avoid air or water pollution. All the assessment of the impact on the environment encompasses analysis of numerous detailed data, which define the influence of the company on nature. Different issues, such as technical, environmental, social, and legal, are analysed.* (Respondent no. 48, female, aged 25)

Among the stakeholder groups that can acquire important information from environmental and social reports, respondents enumerate:
- employees (20),
- clients (20),
- investors (14),
- management (9),
- contractors (3),
- state (1),
- environment protection institutions (1),
- industry (1).

The argumentation that the reports can be of great interest to managers are formulated directly, or they include the purposes for which the information can be substantial, and these objectives have managerial character. One of the respondents (no. 3, female, aged 25) states:

> *In big companies […] such reports can become important for management and other stakeholders, which can influence a company's strategic plans.*

Another student (no. 30, male, aged 26) observes:

> *Environmental reports and social responsibility reports can be a valuable source for the stakeholders […]. Realization of given strategies n facilitate the increase of competitiveness and building of credibility of a company."*

Another respondent (no. 23, female, aged 25) supports that view:

In my opinion, it is valuable information for stakeholders because they can have a positive impact on the effectiveness of business activities.

Also, the employees are indicated as the target audience, among the stakeholders, of non-financial reports. One of the respondents (no. 1, female, aged 23) comments:

If I were a company employee, I would like to be sure that the company that I work for cares about the environment, relations with clients, and other non-financial issues.

Another respondent (no. 13, female, aged 24) enumerates that social reporting can enforce pro-worker actions and behaviour, such as:

- *payment of salaries on time,*
- *better professional development because of access to training,*
- *better social facilities and additional benefits,*
- *equality in terms of occupational positions.*

Another student (no. 36, female, aged 23) presents the profits for the labour force emerging from issuing non-financial reports:

In such reports, the companies can show their "better side" and compete with other companies, e.g. […] which company will be rewarded in the ranking "Employer of the year". Because of these actions, […] employees can profit. Therefore, I think that nowadays, presentation of such reports is necessary […] and can lead to conduction of ethical and responsible business that respects the employee.

Another person (no. 35, female, aged 23) provides a more detailed argumentation:

It is known that the clothes offered in chain stores are produced in Asia at large. Sometimes, the information reaches us that employees who sew and dye clothes work in dreadful, life-threatening conditions and are really poorly renumerated. There is a chance that presenting the information about average salaries of employees in Asia would discourage consumers from buying the products of a company and force the company to change for the better, with a more humanitarian approach.

The company's cooperators are also identified as a group that can profit from non-financial reports. The justifying narratives focus on information:

For the company that wants to cooperate more tightly or searches for the cooperators, such a report provides the information. […] the company that plans to start cooperation would get the information which is needed at the stage of searching for a business partner. (Respondent no. 28, male, aged 23)

Non-financial reports are also valuable information sources for present and future clients. One of the respondents (no. 41, female, age not given) emphasizes:

Care about social interest does company a credit and […] clients when possessing such knowledge about a company, will look with a favour at it.

Another person (no. 51, female, aged 24) points out that:

CSR actions can influence the decisions of the customers, for whom the concrete issues […] such as animal testing, recycling, employee treatment are essential.

Another student (no. 6, female, aged 23) observes that:

A client can turn away from the brand if it is known that a company treats the environment and exploits its workers.

Another vital stakeholder group identified in the present study are investors. As one of the respondents (no. 1, female, aged 23) points out:

According to me, investors are interested in cooperation with responsible companies, and they want to have a wide range of knowledge and information about a particular company, which builds not only good financial results but also good relations with its environment.

Moreover, as the other person (no. 24, female, aged 23) emphasizes:

Thanks to obligatory non-financial reporting, clients and investors would have a view on financial and non-financial "reality" of a company.

Apart from managers, investors, cooperators, and employees, state and environment protection organizations are enumerated as stakeholders that can take advantage of non-financial reports. One of the respondents (no. 34, female, aged 26) states:

For state units, it is information about the prevention of environment degradation by a company.

Another person (no. 28, male, aged 23) adds that:

It is worth looking at this issue also from the perspective of institutions which verify the environment protection data. Such reports would make it easy for them to draw up the statements.

Respondents also enumerate conditions that should be fulfilled if the report is to have real informational value. One of the respondents (no. 49, female, aged 25) argues:

In my opinion, if the guidelines for report preparation are concrete (what should be presented in this report), it is valuable information.

Another student (no. 2, female, aged 24) explains:

I think that such reports can be a piece of valuable information for stakeholders if the company applies the rule included in the report. The investors should allocate their capital consciously, and they will do it willingly if they are sure that the company's actions are not contrary to their own expressed rules.

There are also narratives presenting non-financial reports as a manifestation of a corporate spin. They consist of the following arguments:

According to me, it is a corporate spin for today. I base this opinion on the fact that the information in these reports is not controlled properly, which makes manipulation of false fact giving possible. (Respondent no. 10, female, aged 25)

Generally, it is a corporate spin, and nobody reads it. (Respondent no. 12, male, aged 24)

In my opinion, it is a corporate spin. Such reports aim toward catching clients' attention […]. (Respondent no. 42, female, aged 24)

Some respondents see two 'sides of a coin'. One of them (no. 14, female, aged 24) states:

I guess that nowadays environmental reports and social reports are both: they are valuable for stakeholders, but they are also a manifestation of a corporate spin.

Another person (no. 15, female, aged 25) comments:

My opinion on this matter is divided. For sure, in some sense, it is a 'corporate spin', e.g. In social media and advertising of big companies […] they exhibit, for example, the whales sinking in plastic, and they show what actions they want to undertake to decrease the environment degradation […]. On the other hand, these reports can have great significance for the stakeholders who want to cooperate with the company. For sure, before signing a deal, the potential contractor analyses the company, and the potential business partner also might want to use a corporate spin because now it is fashionable to be ecological. So, if we cooperate with ecological companies, our company will also be perceived as such. Therefore, I think these reports are important equally as a corporate spin and for stakeholders.

Another respondent (no. 31, female, aged 24) adds:

It is difficult to address such a question. From one point of view, it can be a piece of valuable information for stakeholders, but there is a question of correctness and accordance with reality. In today's world, actions that promote social responsibility have become fashionable. Companies compete in such a manner that they look as good as possible in the eyes of their stakeholders and become more competitive (attraction of specialists and investors). Nevertheless, I think that stating false facts could 'sink' the companies in the case of verification. So, I think that such information can generally be true and actions real.

It is worth noticing that respondents also indicate the conditions under which the non-financial reports pose informational value. One of the students (no. 25, female, aged 24) states:

I think that such reports can have an informational value for stakeholders if the company indeed applies the rules which are declared in the report. Investors should allocate their capital consciously, and they will do it willingly if they are sure that the actions of a company are not contrary to their moral principles.

The question of whether environmental and social reports should be obligatory brings a variety of answers, which can be summarized into three categories:

- obligatory (30),
- non-obligatory (4),
- it depends (21).

The narration of one of the respondents, supporting the thesis that non--financial reports should be obligatory, is the following:

> *I think it should be obligatory because it would make it possible to acquire general information about a company and to assess if it handles its strategy.* (Respondent no. 13, female, aged 24)

Another student (no. 18, female, aged 24) confirms that view:

> *Reports should be obligatory because nowadays people's awareness has significantly risen and become an essential element in consumer choice-making.*

The respondents, who state that reports should not be mandatory, refer to the freedom of business-doing. One of the students (no. 31, female, aged 24) claims:

> *In my opinion, social and environmental reports should not be obligatory. In my opinion, the additional actions which are not the company's business shouldn't be imposed on it.*

Another person backs that opinion:

> *I think that such rereports shouldn't be obligatory, as it is a company that should decide if it needs such report.* (Respondent no. 4, female, aged 25)

Another person (no. 37, female, aged 23) adds:

> *It is important [..], but I think its preparation shouldn't be obligatory.*

The narration analysis reveals that respondents identify several conditions for the mandatory character of non-financial statements. They include:

- size (15),
- organizational and legal form (1),
- environmental impact (15), and
- social influence (6) exerted by a company.

Size is apparently one of the essential criteria for obligating a company to issue non-financial reports. The respondent (no. 10, female, aged 27) states:

> *I think that such reports shouldn't be obligatory for small entities (unless the entity has a significant impact on the natural environment or social aspects of activity). However, in the case of big companies with huge impacts, the reports should be obligatory, e.g., companies that influence the environment (mines, like KGHM) or society (e.g., Coca-Cola influences sugar consumption). In the case of middle-sized companies reporting should depend on the effect of the particular entity on the society.*

Another respondent (no. 51, female, aged 24) adds:

> *I think they should be obligatory, but only for chosen companies, like stock exchange companies or the companies that employ a particular number of people, or companies that use natural resources, which impacts the environment concretely.*

It is apparent that respondents often notice that a company's big size comes together with a significant impact on the environment or society.

The organizational and legal form of a company is another criterion used to define when mandatory non-financial reports should be obligatory. One of the respondents (no. 33, female, aged 25) argues:

> *In my opinion, the obligation of preparation of environmental reports and social responsibility reports should be imposed on capital companies, which do not belong to small and middle-sized companies sector.*

The environmental impact of a company is one of the crucial issues that, according to respondents, should make the publishing of non-financial statements obligatory. The respondent (no. 20, male, aged 25) explains:

> *It depends on the type of operations performed by a company. If the entity uses a huge quantity of water and produces a lot of pollution (like the mining or oil industry), it should present environmental reports. If the company does not pollute the environment significantly (services, high tech, software), the preparation of such report is not necessary.*

Social impact exerted by a company is another criterion for marking non--financial reporting obligatory. Especially the example of production in cheap--labour countries is mentioned. A respondent (no. 35, female, aged 23) argues:

> *It is known that the clothes offered in chain stores are produced in Asia at large. One time, the information reaches us that employees who sew and dye clothes work in dreadful, life-threatening conditions and are really poorly renumerated. There is a chance that presenting the information about average salaries of employees in Asia would discourage consumers directly from buying the products of a company and force the company to change for the better, with a more humanitarian approach.*

Another student (no. 37, female, aged 23) provides a similar case:

> *of huge clothes corporations, which decrease their costs with the use of cheap working power, e.g., in Bangladesh. Here, apart from ethical questions (child labour, human rights) also, the financial issue emerges, which impacts the financial results, like minimum wage or maximal working time in the countries when production is performed.*

There are several reasons and objectives for non-financial reports, according to the respondents. These goals and motives can be divided into three categories:

- general criteria emerging from the global situation,
- managerial criteria, focusing on more effective management and more accurate business decisions,
- ethical criteria related to sticking to moral norms.

Among the general criteria, two reasons for issuing non-financial reports can be distinguished:

- environmental degradation (8),
- increase of importance of pro-ecological actions (2).

The managerial motives are the following:

- image creation or image enhancement (14),
- an additional advantage from any new report/information (12),
- more comprehensive view (9),
- appreciation of a company (that acts in favour of/for environment and society) (7),
- increase of trust in the company (3),
- strengthening of market position (2).

The ethical criteria focus on the following:

- enforcing ethics and care about the environment and social issues (8).

The fundamental reason for issuing non-financial reports is environmental degradation. Respondents are aware of it, and they reckon that such statements would make companies behave in a more ecological way. A respondent (no. 2, female, aged 24) argues:

> *Taking the negative influence of many companies on the environment into consideration, such reports would make it possible to show the true view of the company and its activities, and also the company would gladfully undertake the actions which would minimize the negative impact on the environment and local society. If such reports were obligatory, the companies would make an effort to influence the environment and local society positively, to present the company in a better position because they perform actions which have a positive impact. Their effects are visible and could be presented visually in the report.*

Another student (no. 44, female, aged 23) observes:

> *In the XXI century, when there are many ecological threats, we should build societal awareness. It would be effective when pursuing an ecological policy in the organizations.*

Consequently, the increase in the importance of pro-ecological actions is also a motive for publishing non-financial reports. A respondent (no. 1, female, aged 25) explains that:

> *It concerns people's higher awareness and their fight for a better future and a world with a smaller amount of rubbish and plastic. […] the company should think what is more profitable: being environment-friendly and 'good look' in the eyes of people who are more and more aware of their surroundings, or actional which are illegal and anti-ecological, and enormous fines.*

Many goals of non-financial reporting are of managerial character, especially concerning marketing issues. Therefore, even if not called a 'corporate spin', their impression management role is implicitly formulated. The respondents notice the position of non-financial reporting in image creation or image enhancement. It is evident in the following commentaries:

> *The corporations should prepare such reports; it influences the company's image positively* (respondent no. 12, male, aged 24); *such reports exert a significant influence on the positive impression and shape a good opinion about the company* (respondent no. 36, female, aged 23); *pro-ecological actions impact the entity's public perception positively.* (Respondent no. 45, female, aged 23)

Other publicity-related goals of non-financial reports are seen in the increase of trust in a company. A respondent (no. 21, female, aged 25) explains:

> *The company shows that it can be trusted, e.g., it offers security and stability of deliveries, it has a friendly client service, and acts fairly. Such information makes a company close to its clients, and a company becomes more valuable in their eyes.*

Another respondent (no. 46, gender and age not given) supports this opinion:

> *The social aspect is equally important. The publication of social reports makes the company to be perceived as transparent.*

The increase in market position is perceived as a positive result of the publication of non-financial reports. A respondent (no. 50, male, aged 24) explains:

> *The biggest companies, by preparing reports, strengthen their image and market position.*

Appreciation of a company that acts in an environment-friendly or community-friendly manner is another result of non-financial reporting. A respondent (no. 49, female, aged 25) explains:

> *I think that it is good when companies engage themselves in society, and it should be praised. Moreover, if such reports are generally accessible and everybody, including other companies, can read them. It can make other companies – if they do it, we will also do it.*

An additional advantage of any new report and information is one of the fundamental reasons for issuing non-financial reports. Respondents explain that:

> *Each report provides much valuable information about the company, and many conclusions can be drawn from it"* (respondent no. 25, female, aged 24); *and such reports create a value-added to statements that are presented by a business entity, and they make it possible for stakeholders to have a different view on a company's actions.* (Respondent no. 50, male, aged 24)

The non-financial reports give a more comprehensive view. A respondent (no. 1, female, aged 23) notices:

> *In social responsibility reports, we have access to non-financial data, e.g. environmental data, social data, corporate data, customer relations – which are also valuable elements of a company's success.*

Another student (no. 17, female, aged 24) explains:

> *Environmental and social reports should be obligatory because non-financial reporting promotes transparent reporting, minimizes the information risk during the valuation of companies and reduces the imperfections of financial reporting. Access to reports can be perceived as a risk management element. With the change of the perception or a role and responsibility of companies in society and economy, the changes in the assessment of companies' effectiveness probably will appear.*

Last but not least, non-financial reporting can make companies act ethically. Enforcing ethics and care about the environment and social issues can also be a result of issuing such reports. Respondents explain:

I think that each company cares about good publicity. Therefore the companies will try to look good in such a report. It can enforce the positive activities for the food of an environment or a local community. (Respondent no. 19, female, aged 25)

Publication of such reports will force the company at least to a minimal engagement in environment protection. (Respondent no. 29, female, aged 25)

The inquiry also reveals factors conditioning the effectiveness of non-financial reporting. The conditions that can make the reports a valuable information source can be surmised into two categories:

- standardization (11),
- making reports public and easily accessible (1).

As the respondent group consists of accounting graduate students, it is not surprising that they postulate the standardization of non-financial reports. A respondent (no. 16, female, aged 25) explains:

According to me, it is also important that some standards of such reports are established to make the comparison possible and to make the information included in them reflect the actual situation.

Another person (no. 18, female, aged 24) adds:

The standardization of reports has the significance for the perception of companies by the clients and investors, which makes it possible to perform a reliable and fast assessment in a particular segment without unnecessary costs.

Another student (no. 24, female, aged 23) observes that:

The application of appropriate rules and norms of creating such reports would make it possible to compare the companies not only in terms of their approach to profit but also to value creation in a company.

Also, according to respondents, making reports public and easily accessible heightens their effectiveness. The arguments for that are the following:

If the reports are to be valuable information, making them public should be required, and putting them on the corporate websites on the main page should be compulsory. (Respondent no. 35, female, aged 23)

The study also reveals potential disadvantages of environmental and social reporting:

- one more report (5),
- additional cost (2).

Non-financial reporting is perceived as an additional burden imposed on a company. As a respondent (no. 45, female, aged 23) states:

It is just one more report to prepare.

Moreover, the preparation of the report results in costs incurrence, which is mentioned by another student (no. 51, female, aged 24):

Not all entities can afford such actions because of financial issues.

4.6. Conclusions

The investigation identifies non-financial reporting as an element of accounting for stakeholders. Notably, it identifies the groups for which information included in such statements can be valuable. Entities and individuals such as (potential) employees, (potential) clients, managers, (potential) investors, (potential) contractors, industry, state, and its environmental protection units are among the stakeholders who can be interested in the content of the non-financial report. Therefore, internal and external stakeholders can utilize social and ecological reporting information.

The study does not reveal only one interpretation of non-financial reporting. Respondents observe both aspects, including valuable information for stakeholders and impression management elements. However, although many respondents are reluctant to use the 'corporate spin' label, its identification is evident in their narratives, as they refer to marketing-related issues, such as image enhancement and market position. The professional scepticism of respondents is also apparent. They enumerate the conditions under which non-financial reports can provide valuable information and be effective. Significantly, the need for standardization of such statements is underlined.

According to the present study, whether non-financial report publishing should be mandatory is disputable. However, some criteria can be used to determine if environmental and social reports should be obligatory. The size of a company is most important, but the social and environmental impact is also significant.

There are global, managerial, and ethical motives among the goals and purposes of publishing non-financial statements. The increasing degradation of the environment by human economic activities is the first of them. Managerial issues are related to increasing the quality of decision-making and enhancing the company's image and market position. The ethical goals can also be fulfilled, but non-financial reporting. If the companies are supposed to present their impact on society, local communities, and the environment, it will force them to act more morally.

The present study's findings are consistent with Freeman's postulate of introducing accounting for stakeholders. Moreover, they are compatible with recent postulated changes in accounting and expanding its social and moral function (Carnegie, Parker, & Tsahuridu, 2021).

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