THE USE OF CORPORATE SOCIAL RESPONSIBILITY INFORMATION

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EXTENDED ABSTRACT

In a survey of research methods utilized in the extant environmental accounting literature (as part of corporate social responsibility reporting, or CSR), Alewine (2010) documents a lack of experimental studies in the area. He argues that there is a need for more experimentation in the literature and provides insights about how experiments' unique methodological advantages can help address important environmental accounting issues.

While a number of experimental studies in the CSR accounting area have been conducted, the vast majority of research in the CSR realm still uses either archival-type investigations (e.g., large sample quantitative data) or a qualitative methodology approach (e.g., interview data); the use of experiments in this area remains relatively rare. Our current study is particularly motivated by (1) the conclusions of Milne and Patten (2002, p. 394),¹ who had also noted that not enough experimental research has been done in this area, and prescribed experimental frameworks and other methods to “examine to what extent annual report disclosures and other forms of corporate communication are successful at changing the image of the firm’s environmental, social and/or ethical behavior in the eyes of constituents other than financial stakeholders” and (2) the findings reported by Cho, Phillips, Hageman and Patten (2009) that the presentation medium richness of social and environmental website disclosures is positively associated with website users’ trusting intentions (see McKnight, Choudhury and Kacmar, 2002) as well.

¹ Milne and Patten (2002) conduct an experimental study with an investment scenario; their findings suggests that under some circumstances, positive environmental information is successful in offsetting in people’s minds the negative effects of liability exposures.
as user perception of corporate social and environmental responsibility

In this experiment, we seek to extend research findings reported by Cho et al. (2009) by closely examining the potential associations between the content and attention spent by participants in examining items within a sustainability report, and (1) their trusting intentions/beliefs and (2) perceptions of the company’s level of CSR. As such, we use unique high-level technology to determine and identify which specific topics or themes (e.g., energy, biodiversity, human rights, product safety, governance, diversity, etc.) and types (e.g., text narratives, pictures, graphs, charts, numbers) of non-financial information contained in a given sustainability report are considered with more attention by report users. Therefore, similar to Hunton and McEwen (1997), we rely on computerized eye-movement retinal imaging technology in order to capture the cognitive patterns and strategy of report users. The eye-tracker device used is an improved version of the Pupil Centre Corneal Reflection (PCCR) technique.

Our findings are based on a sample of 102 participants, the majority of which are 25 years of age or young (72%), educated (85% report having completed a bachelor’s or graduate degree), and female (66%). Our results indicate that participants’ perceptions of the company’s CSR are positively related to their total time spent in examining the accompanying CSR report; furthermore, participants perceived the company as having higher levels of CSR if they spent longer reading the text in the report, and had higher trusting intentions as well. Other analysis also indicates that participants had stronger CSR intentions and trusting beliefs if they spent longer on the thematic areas that were earlier in the report; time spent on reviewing the CSR report devoted to the energy theme was also positively related to CSR perceptions. We also document an interesting gender
finding, in that females have higher levels of CSR perceptions and trusting intentions than males; we also find that the positively relationship between total time spent reviewing the report and CSR perceptions is driven by females (but not males).

Some interesting preliminary theoretical and practical implications can be drawn. First, empirical results suggest that CSR report disclosures seem to matter to users in terms of shaping perceptions of a company’s social responsibility and more importantly, users are more influenced by report texts rather other types of disclosure such as charts or images. This result is somewhat reassuring but also surprising given the literature on graphs and other visuals from which one could conjecture that the power of such communication tools would lead to a larger influence on user perceptions of CSR. This result combined with the one about the order/position and particular themes could help understand and obtain insights on the potential strategies deployed by companies when designing and crafting heir CSR reports.
REFERENCES


