

CORPORATE REPORT READERSHIP AND USAGE IN THE NETHERLANDS

by Jan Klaassen and Hein Schreuder

1. Introduction

This paper describes some of the main findings of a research project on corporate report readership and usage in the Netherlands.¹ Four companies were invited to participate in this project and accepted the invitation. Some of the research results for this group of four companies are presented here. For a complete overview and discussion of the results of this project see Klaassen and Schreuder (1980).

Most studies on the actual use of financial statements concentrate on one group of users. Usually, this group consists of shareholders selected from a company's share register or from customer lists of stock brokerage firms (e.g., Baker and Haslem, 1973; Epstein, 1975; Chenhall and Juchau, 1976; Lee and Tweedie, 1977; Wilton and Tabb, 1978). In other studies, the differences between two or more explicitly selected user groups are investigated (e.g., Benjamin and Stanga, 1977; Firth, 1978). Ours was a different research strategy: taking the four annual reports as the basis of our study, we first investigated who the actual users of these reports were.² Our respondents were asked to classify themselves into user groups. We then went on to study (1) the extent to which the various users read certain elements of the reports and (2) their opinions on the information contained therein. A main objective of our study was thus to assess differences in reading behaviour, information needs and opinions among actual user groups. Accordingly, our results are presented not only for the total group of users covered by our study but also for the different user groups, where these are appropriate and interesting.

We shall first describe our research design in detail and then present our results. Some characteristics of the readership and their reasons for using the annual report will be delineated, and, subsequently, the reading behaviour and the perceived importance of information will be analyzed. From the major sections of the annual report, we will move to the elements of annual accounts and thence to specific information items. Our presentation of results concludes with an indication of the information needs as yet unfulfilled by the annual report, while a comparison of our research results with those of others is briefly outlined in the final paragraph.

¹ This project was carried out with the support of the Economic and Social Institute of the Free University of Amsterdam and the Limperg Institute, interuniversity institute for accountancy.

² In The Netherlands registration of ordinary shareholdings is not mandatory. Most shares are bearer shares.

2. Research design

Four companies were selected for participation in the project. Two of these are the transnational corporations AKZO and Philips.³ The other two are among the large national companies in the publishing/printing industry: Kluwer and VNU. All companies are listed on the Amsterdam Stock Exchange. On the basis of the published sales in 1978 Philips, AKZO, VNU and Kluwer rank 3rd, 7th, 65th and 117th, respectively, on the list of the largest Dutch corporations (FD, 1979).

This research project was carried out by means of a *questionnaire survey*.⁴ To this end, a standard draft questionnaire was adapted to the specific design and wording of the 1978 annual reports of the participating companies. Per company, all users included in our study received the same questionnaire, distributed mainly on the basis of the existing mailing-lists for corporate annual reports of the four companies as well as the list of members of the Association of Financial Analysts. In addition, one company distributed questionnaires among those applying for a report directly to the company. Finally, the companies sent questionnaires to a total of 120 members of their Central Work's Councils. Thus, our sample included a total of 3,798 addressees who received the questionnaire in May 1979 just after the annual stockholder meetings. The questionnaires could be returned anonymously by means of a postage paid return envelope addressed to the Economic and Social Institute. A total of 640 respondents returned usable questionnaires in time. Thus, the *response rate* was about 16.8 percent.

The questionnaire covered the following topics:

- a) background characteristics of the respondents
- b) reasons for the respondents' interest in the corporate annual report
- c) the extent to which sections of the report are read
- d) the perceived importance and quality of selected information items
- e) additional information required
- f) miscellaneous.

The following *background characteristics* of the respondents were distinguished:

- relationship with the company
- age
- level of education (both accounting and non-accounting education).

The respondents were asked whether they read the annual report to arrive at a specific *decision* or for a *general orientation*. The answers fit into the following categories:

- general orientation
- investment decisions/analysis
- other decisions.

³ In the 1979 *Financial Times Survey of 100 Major European Companies' Reports and Accounts*, the annual reports of Philips and AKZO were ranked as the best and the third best, respectively. In the 1980 *Financial Times World Survey of Annual Reports*, Philips again ranked best of 200 reports from all over the non communist world with respect to audited accounting information; AKZO was among the ten best companies.

The other two companies were not included in these surveys. In the overall ranking of countries, the international companies (Royal Dutch/Shell and Unilever) ranked first, followed by the United States and The Netherlands.

⁴ Our resources did not permit interviews as a part of this study.

Three levels were distinguished in analyzing the respondents' reading and perceived importance of elements of the annual reports:

a) *main sections of the annual report:*

- Report of the Board of Management
- Report of the Supervisory Board
- Annual Accounts
- Auditor's Report
- Ten Years' Summary.

b) *the annual accounts*, divided into

- Consolidated Balance Sheet
- Consolidated Income Statement
- Valuation and Consolidation Principles
- Notes to the Consolidated Accounts
- Parent Company's Annual Accounts
- Funds Statement.

c) *specific information items* selected from the annual report. In all, 21 comparable items were selected for the four companies.

The addressees were asked to indicate the attention they paid to the elements under a) and b) on a three-point scale and to assess the importance of these elements on a five-point scale. The same five-point scale was used for an assessment of the importance of the elements under c). Finally, they were requested to select the three most important of these elements and to indicate information they felt was lacking in the annual report.

3. Classification of users

By far the most important characteristic of the respondents is their relationship with the corporation. The following categories were distinguished.

Table 1. *Number of respondents in specific user groups*

	<i>n</i>	%
Shareholders	175	27.3
Managers of other corporations	80	12.5
Staff members ^{a)}	66	10.3
Investment analysts	40	6.3
Members of Work's Councils	27	4.2
Others ^{b)}	252	39.4
Total	640	100.0

a) Of these 66 staff members, 6 worked in the corporation studied and 60 in other corporations.

b) This includes 54 respondents who ticked more than one of the above-mentioned categories. Also included are journalists, marketing advisers, other advisers, teachers, students, etc.

The respondents' *age* ranged from 18 to 90 years, with an average of 51 years. Of the above-mentioned categories, shareholders were, on average, older than other user groups, about 75 percent of the shareholders being over 50. In contrast, 65 percent of the investment analysts were under 50.

The average *level of education* of the respondents was rather high, more than 45 percent holding a university degree at the masters level and more than 75 percent holding the equivalent of a bachelors degree. A relatively large portion of the respondents (about 43%) had a good background in accounting and/or economics.⁵ Thus, the respondents appear to be a rather select group, although we did not actually test whether the group of respondents as a whole or the specific user groups individually were representative of their respective populations. The population characteristics necessary for such a study were not available, and a non-response survey was beyond our financial means. Generally speaking, one would expect that those interested in financial reporting would have more positive attitudes toward this type of research and hence be more inclined to return the questionnaire. The results may therefore be biased in this sense. In addition, the mailing-lists of companies contain only those who have requested a copy of the corporate annual report directly from the company. A larger portion of the annual reports are distributed through banks, but, for technical reasons, the recipients of these reports could not be included in our research. Thus, the sample group could be considered, *a priori*, as interested in financial reporting, and, consequently, our study is not appropriate as a test of the significance of corporate annual reports generally. It is useful, however, in testing the *relative* significance of several elements of the annual reports for users interested in financial reporting.

4. Reasons for the respondents' interest in annual corporate reports

The respondents were asked to indicate their reason for reading the annual reports. Their answers are listed in Table 2.

Table 2. Reason for interest in annual reports

	<i>n</i>	%
General orientation	546	85.3
Investment decisions/analysis	53	8.3
Other decisions	23	3.6
No answer	18	2.8
Total	640	100.0

Table 2 clearly demonstrates that most respondents read the annual reports for general orientation. When the respondents' relationship to the firm is

⁵ Of the respondents in Lee and Tweedie's (1977, p. 19) survey, 14 percent had significant and 24 percent little experience in or knowledge of accounting.

taken into account, it turns out that as many as 67 percent of the investment analysts and 81 percent of the shareholders read the report for general orientation, while 23 percent of the investment analysts and 16 percent of the shareholders specifically state that they read it for investment decision-making. Among all other groups, 85 percent or more read annual reports for general orientation. Such percentages also result for each company taken individually. In view of the current emphasis on decision-usefulness of accounting information these results merit further investigation.

5. Sections of the annual reports

The respondents were asked to indicate the extent to which they read the various sections of the annual report. Here a three-point scale was used: read completely/read partially/do not read. Table 3 presents the results.

Table 3. Sections of annual reports read by survey respondents

	1 Read completely		2 Read partially		3 Do not read		4 No answer		5 Total	
	n	%	n	%	n	%	n	%	n	%
Report of the Board of Management	331	51.7	296	46.2	3	0.5	10	1.6	640	100.0
Report of the Supervisory Board	271	42.3	122	19.1	115	18.0	132	20.6	640	100.0
Annual Accounts	267	41.7	304	47.5	38	5.9	31	4.9	640	100.0
Auditor's Report	205	32.0	80	12.5	193	30.2	162	25.3	640	100.0
Ten Years' Summary	306	47.8	247	38.6	27	4.2	60	9.4	640	100.0

Judged by the number of respondents reading the sections completely or in part (criterion 1 + 2) the report of the Board of Management receives most attention. This is followed by the annual accounts, with the ten years' summary in third place. (However, judged by criterion 1 only, the ten years' summary holds second place.) Clearly, respondents pay considerably less attention to the auditor's report and to the report of the Supervisory Board.

Table 4 shows the importance attached to the various sections of the annual report for the purposes stated earlier (mainly general orientation). Judged on the basis of the criteria in columns 8, 9 and 10, the annual accounts and the report of the Board of Management are the most important elements of the annual report. The accounts rank first according to the μ -criterion; the report of the Board of Management is the most important section according to both other criteria. Comparison of the rankings of the sections of the annual report in Tables 3 and 4 reveals that the general trend is the same. Using the sum

Table 4. *Perceived importance of sections of the annual report*

Sections of the annual report	1 <i>Very important</i>		2 <i>Important</i>		3 <i>Of some importance</i>		4 <i>Not very important</i>		5 <i>Not important at all</i>		6 <i>No answer</i>		7 <i>Total</i>		8 <i>(1+2)</i>	9 <i>(4+5)</i>	10 μ	11 σ
	<i>n</i>		<i>n</i>		<i>n</i>		<i>n</i>		<i>n</i>		<i>n</i>		<i>n</i>		<i>%</i>		<i>%</i>	
Report of the Board of Management	204	36.0	267	47.0	86	15.1	8	1.4	3	0.5	72	11.3	640	100.0	83.0	1.9	1.836	0.767
Report of the Supervisory Board	46	9.0	116	22.6	157	30.6	135	26.3	59	11.5	127	19.8	640	100.0	31.6	37.8	3.088	1.141
Annual Accounts	272	48.5	191	34.0	73	13.0	19	3.4	6	1.1	79	12.3	640	100.0	82.5	4.5	1.745	0.885
Auditor's Report	79	16.4	99	20.5	103	21.4	112	23.2	89	18.5	158	24.7	640	100.0	36.9	41.7	3.068	1.353
Ten Years' Summary	160	29.3	199	36.4	138	25.3	44	8.1	5	0.9	94	14.7	640	100.0	65.7	9.0	2.148	0.964

Notes: The percentages in the columns 1-5 are based on all respondents giving an answer (total of columns 1-5).
In column 6 the percentage is based on all 640 respondents.

of the first two columns as ranking criterion, only the two last-mentioned sections change places (see Table 5).⁶

Table 5. Comparison of reading and importance rankings of sections of the annual report

	Rankings	
	Read completely or partially	(Very) important
Report of the Board of Management	1	1
Annual Accounts	2	2
Ten Year's Summary	3	3
Report of the Supervisory Board	4	5
Auditor's Report	5	4

The cross-sectional analyses by user groups show that:

- The user groups seem to differ in their overall reading behaviour concerning the annual report. Shareholders and members of the work's council read the annual report most widely; the other groups read it more selectively. This can be illustrated by taking the mean percentages of our three reading categories for each user group over all sections:

	Read completely	Read partially	Do not read
Shareholders	52.5	28.9	7.3
Managers	39.7	34.5	14.3
Staff	29.1	38.8	14.8
Investment analysts	45.0	32.5	17.5
Work's council	63.0	19.2	3.0

- However, taking these overall differences into account, the reading behaviour of the various groups shows roughly the same trends. The report of the Board of Management, for instance, is read most widely (completely or partially) by all user groups. Only the investment analysts read the annual accounts to the same degree. The auditor's report is the section of the annual report read least by all user groups.
- The perceived importance of the sections of the annual report can be analyzed in the same fashion. First of all, it should be noted that the various user groups differ in their general appreciation of the sections of the annual reports. This can be shown most concisely by taking the average μ over all sections of the annual report per user group:

⁶ However, using the μ -criterion the two first-mentioned sections change places as well.

	<i>Overall importance of sections of annual report</i>
Shareholders	2.20
Managers	2.51
Staff	2.64
Investment analysts	2.38
Work's council	2.34

- Based on the same μ -criterion managers and staff members consider the report of the Board of Management as the most important section. Other groups consider the annual accounts most important. The ten years' summary comes third for all groups. According to shareholders, staff members and members of the work's council the auditor's report is the least important section. The other groups consider the report of the Supervisory Board to be least important.

6. Elements of the annual accounts

The same procedure as used for the analysis of the sections of the annual report can be applied to an analysis of the elements of the annual accounts. First, Table 6 shows the extent to which the various elements were read by all respondents.⁷ Ranked by criterion 1 (the number of respondents reading a given element of the annual accounts completely), the consolidated income statement receives the most attention, with the consolidated balance sheet ranking second and the funds statement third. Using the criterion 1 + 2 (the number of respondents having paid some attention to a given element), the consolidated income statement still ranks first, followed by the consolidated balance sheet and the notes. Relatively, the parent company's annual accounts received the least attention.

⁷ Compared with the previous tables, the percentages of respondents giving no answer are relatively high (around 30%). This is no doubt partly due to the length of the questionnaire and the increasingly detailed questions. In addition, it frequently occurred that respondents only ticked some elements, presumably those actually read. For practical purposes these latter could be regarded as non-readers with respect to the other items.

Table 6. *Extent to which given elements of the annual accounts are read*

	1 <i>Read completely</i>		2 <i>Read partially</i>		3 <i>Do not read</i>		4 <i>No answer</i>		5 <i>Total</i>	
	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>
Consolidated Balance Sheet	347	54.2	95	14.8	13	2.1	185	28.9	640	100.0
Consolidated Income Statement	370	57.8	82	12.8	7	1.1	181	28.3	640	100.0
Valuation and Consolidation Principles	232	36.3	152	23.7	47	7.3	209	32.7	640	100.0
Notes to the Consolidated Accounts	241	37.7	165	25.8	34	5.3	200	31.2	640	100.0
Parent Company's Annual Accounts	209	32.7	132	20.6	88	13.7	211	33.0	640	100.0
Funds Statement	251	39.2	128	20.0	51	8.0	210	32.8	640	100.0

Table 7 shows the perceived importance of these elements. The consolidated income statement and balance sheet are considered much more important than the other elements, no matter which criterion is used (see columns 1, 8, 9 and 10). Again, the rankings of these elements with regard to reading and perceived importance can be compared. These are now completely identical (see Table 8).⁸

Table 8. *Comparison of reading and importance rankings of elements of the annual accounts*

	<i>Ranking</i> <i>Read completely (Very)</i> <i>or partially important</i>	
Consolidated Income Statement	1	1
Consolidated Balance Sheet	2	2
Notes to the Consolidated Accounts	3	3
Valuation and Consolidation Principles	4	4
Funds Statement	5	5
Parent Company's Annual Accounts	6	6

⁸ The reader is perhaps inclined to believe that no other outcome was possible. However, in similar research regarding corporate social reports, Schreuder (1981) found very different rankings.

Table 7. *Perceived importance of elements of the annual accounts*

<i>Elements of the annual accounts</i>	<i>1 Very important</i>		<i>2 Important</i>		<i>3 Of some importance</i>		<i>4 Not very important</i>		<i>5 Not important at all</i>		<i>6 No answer</i>		<i>7 Total</i>		<i>8 (1+2)</i>	<i>9 (4+5)</i>	<i>10 μ</i>	<i>11 σ</i>
	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>%</i>	<i>%</i>		
Consolidated Balance Sheet	232	49.8	162	34.8	51	10.9	19	4.1	2	0.4	174	27.2	640	100.0	84.6	4.5	1.706	0.851
Consolidated Income Statement	249	52.6	172	36.3	41	8.6	11	2.3	1	0.2	166	25.9	640	100.0	88.9	2.5	1.614	0.759
Valuation and Consolidation Principles	162	36.4	154	34.6	88	19.8	33	7.4	8	1.8	195	30.5	640	100.0	71.0	9.2	2.036	1.011
Notes to the Consolidated Accounts	150	33.3	173	38.3	92	20.4	32	7.1	4	0.9	189	29.5	640	100.0	71.6	8.0	2.040	0.949
Parent Company's Annual Accounts	100	23.0	121	27.9	98	22.5	85	19.5	31	7.1	205	32.0	640	100.0	50.9	26.6	2.600	1.234
Funds Statement	139	31.6	147	33.3	97	22.0	46	10.4	12	2.7	199	31.1	640	100.0	64.9	13.1	2.195	1.078

Note: See Table 4.

Finally, some results of *cross-analyses* can be mentioned:

- An indication of the overall reading behaviour of the user groups is again provided by taking the mean percentages of our three reading categories, now over all elements of the annual accounts:

	<i>Read completely</i>	<i>Read partially</i>	<i>Do not read</i>
Shareholders	45.4	17.8	3.8
Managers	39.1	20.5	10.2
Staff	33.6	18.7	7.8
Investment analysts	52.9	26.3	8.3
Work's council	48.1	14.8	3.1

For the elements of the annual accounts, too, overall differences in reading behaviour are notable. On the average, investment analysts read these elements the most thoroughly.

- However, roughly the same trends are to be recognized in the reading behaviour per user group. In all cases, the consolidated accounts are the most widely read and the parent company's annual accounts the least read.
- The average perceived importance of the elements of the annual accounts per user group is:

	<i>Overall importance of elements of annual accounts</i>
Shareholders	1.86
Managers	2.25
Staff	2.26
Investment analysts	1.93
Work's council	2.01

- For all groups the consolidated income statement is the most important element of the annual accounts. The parent company's annual accounts are unanimously considered the least important.

7. Specific reporting items

As a third level of analysis, a set of twenty-one specific information items was selected from the annual reports. These items are listed in Table 9. Three questions were asked about these items, namely:

- the importance of each item on a five-point scale
- the quality of the information provided on each item
- the three most important items.

For the purpose of this paper, we shall give only the results of the last question which, in essence, distil the judgments required by the first question in that respondents had to select the *three most important* items (without ranking them).

Table 9 gives the results for all respondents, while Table 10 shows the breakdown for particular groups.

Table 9. The three most important information items (all respondents)

	<i>n</i>	%
1. Expectations concerning the future	187	29.2
2. Total income	164	25.6
3. Sales and income per product line	120	18.8
4. Financial structure	110	17.2
5. Employment level	86	13.4
6. Total sales	80	12.5
7. Character and volume of planned investments	77	12.0
8. Ten years' summary	73	11.4
9. Equity capital	58	9.1
10. Character and amount of investment in reporting period	53	8.3
11. Organisational structure	50	7.8
12. Expenses	39	6.1
13. Impact of inflation on capital and income	36	5.6
14. Profit distribution	34	5.3
15. Value added	25	3.9
16. Inventories	24	3.8
17. Provisions and contingencies	17	2.7
18. Fixed assets	14	2.2
19. Debts	13	2.0
20. Impact of currency rate changes on capital and income	9	1.4
21. Other assets	7	1.1

The total group of respondents ranks "expectations concerning the future" as the most important information item followed by "total income". At some distance "sales and income per product line" and "financial structure" are ranked third and fourth, respectively. The various user groups, however, show quite different rankings (see Table 10). For the managers (of other companies!) sales and income per product line is the most important information, while for members of the work's council it is the employment level. The latter item is mentioned by none of the investment analysts and by relatively few of the shareholders. Note, also, the relatively high place of "profit distribution" for shareholders, "organisational structure" for managers and members of the work's councils and "planned investments" for the latter group. Quite marked differences of opinion on many of the information items seem to exist among the user groups identified here.

8. Unfulfilled information needs

Our questionnaire also asked about information needs not met by the annual report: “With respect to the purpose for which you read the annual report, do you have information needs which are as yet not met by the annual report?” The answers are presented in Table 11. The majority of respondents explicitly denied having unfulfilled information needs, although more than one-fifth of the respondents did indicate that not all of their information needs were met. The needs cited fell most frequently into the following categories:

- expectations and plans (prospective information)
- segmental information
- social and societal aspects of corporate performance.

Table 11. Unfulfilled information needs

	<i>n</i>	%
No	365	57.0
Yes	137	21.4
No answer	138	21.6
Total	640	100.0

9. Comparisons with other research results

A major feature of our research project is that it incorporates various user groups, therefore allowing comparison with other research results *per user group* as well as *among user groups*. In all cases, however, it should be borne in mind that there is a danger that our results are biased in favour of the interested users, although this is a bias which is probably shared by studies based on results obtained by means of a postal survey.

Most research in this area has concentrated on *the shareholder*. Insofar as they are comparable, our results tend to confirm main trends discernible internationally. For instance, the ranking we arrived at of the sections of the annual report and the elements of the annual accounts for both reading and perceived importance is about the same as that obtained by Epstein (1975), Lee and Tweedie (1977) and Wilton and Tabb (1978) for shareholders in the United States, the United Kingdom and New Zealand, respectively. Our cross-tabulations lead to conclusions similar to those of Lee and Tweedie concerning reading patterns. While the predominantly narrative report of the Board of Management is read most widely by all user groups, those with an accounting education pay more attention to the annual accounts than do others. We can add that those reading the annual report for purposes of investment decision-making or analysis also pay more attention to the annual accounts than do others. With respect to specific information needs, the prominence of expectational factors, as found, e.g., by Baker and Haslem (1973), Chenhall and Juchau (1976) and Lee and Tweedie (1977) for investors

Table 10. The three most important information items (user groups)

	Shareholders		Managers		Staff		Investment analysts		Work's council	
	n = 175		n = 80		n = 66		n = 40		n = 27	
	%	rank	%	rank	%	rank	%	rank	%	rank
1. Expectations concerning the future	23.4	2	28.8	2	34.8	1	55.0	1	48.1	2
2. Total income	35.4	1	20.0	3	16.7	3	45.0	2	22.2	4
3. Sales and income per product line	12.0	5	30.0	1	21.2	2	22.5	4	7.4	8/11
4. Financial structure	17.7	3	12.5	6/7	15.2	4/5	42.5	3	3.7	12/15
5. Employment level	6.9	12	13.8	5	15.2	4/5	—	19/21	66.7	1
6. Total sales	16.6	4	11.3	8/9	12.1	7/8	10.0	7/8	3.7	12/15
7. Character and volume of planned investments	9.7	8/9	11.3	8/9	10.6	9	12.5	6	29.6	3
8. Ten years' summary	9.1	10	16.3	4	13.6	6	15.0	5	7.4	8/11
9. Equity capital	10.3	6/7	10.0	10/11	9.1	10/11	5.0	11/12	7.4	8/11
10. Character and amount of investments in reporting period	6.3	13	10.0	10/11	12.1	7/8	10.0	7/8	14.8	7

11. Organisational structure	4.6	15	12.5
12. Expenses	9.7	8/9	2.5
13. Impact of inflation on capital and income	8.6	11	2.5
14. Profit distribution	10.3	6/7	—
15. Value added	1.1	21	1.3
16. Inventories	5.1	14	3.8
17. Provisions and contingencies	3.4	17	1.3
18. Fixed assets	1.7	20	1.3
19. Debts	4.0	16	1.3
20. Impact of currency rate changes on capital and income	2.9	18	1.3
21. Other assets	2.3	19	—

6/7	9.1	10/11	2.5	13/18	18.5	5/6
13/14	7.6	12	2.5	13/18	3.7	12/15

13/14	6.1	13	2.5	13/18	—	16/21
20/21	1.5	18	7.5	9/10	3.7	12/15
15/19	4.5	14/15	2.5	13/18	—	16/21
12	3.0	16/17	7.5	9/10	7.4	8/11

15/19	—	19/21	2.5	13/18	18.5	5/6
15/19	4.5	14/15	—	19/21	—	16/21
15/19	3.0	16/17	2.5	13/18	—	16/21

15/19	—	19/21	5.0	11/12	—	16/21
20/21	—	19/21	—	19/21	—	16/21

in the U.S.A., Australia and the U.K., respectively, is corroborated by our study. Only "total income" was ranked higher by the shareholders.⁹ In addition we found information segmented per corporate division or product line to be of particular relevance, especially as an unfulfilled information need. To our knowledge no comparable research results exist with respect to this item.

When a comparison is made *among user groups*, the level of analysis should be specified. With respect to the sections of the annual report and the elements of the annual accounts differences exist in the reading behaviour of the various user groups. For the greater part, however, these differences may be attributable to a general variation among user groups in their inclination to (thoroughly) read the annual report. When this general factor is taken into account, the specific reading patterns show roughly the same trends for most user groups. Much the same can be said about the perceived importance of the various sections of the annual report and the elements of the annual accounts. Finally, with respect to the importance of *specific information items*, large differences among user groups come to the fore.

In a comparable study on this third level of analysis, Benjamin and Stanga (1977) found differences in the perceived importance of information items for commercial bank loan officers making a term loan decision and chartered financial analysts making a common stock investment decision. In conclusion they noted: "Although the results of this study are not generalisable to all users of financial statements, either individually or as groups, the findings do cast some doubts regarding the ability of information providers to satisfy the needs of diverse user groups with a single general-purpose information set" (1977, p. 192). Our findings partly extend those of Benjamin and Stanga to other user groups. In our view, the results, taken by themselves, do not necessarily mean that these divergent needs could not be reconciled within the framework of a single information set. The research does make clear, however, that the annual reports studied - although quite probably informative in an international context - did not completely exhaust the information needs of the interested users. Important unfulfilled information needs still exist. Other studies, dealing more explicitly with unsophisticated users of annual reports have pointed out the need for simplification of the presentation of financial data (e.g., Lee and Tweedie, 1977). These two conclusions lead in alarmingly different directions. On the one hand, interested users indicate that additional information is needed, and supplying that information would necessarily make the annual reports more complex. On the other hand, there is among a different set of users a need to simplify the present systems of reporting. How these divergent needs can be reconciled is yet to be determined.

⁹ In Lee and Tweedie's (1977, p. 61) study "income information" was also found to be of most relevance, followed by "future prospects of the company". In the other studies mentioned, no comparable income item was asked.

References

- H. K. Baker and J. A. Haslem, Information Needs of Individual Investors, *Journal of Accountancy*, November 1973, pp. 64-69.
- J. J. Benjamin and K. G. Stanga, Differences in Disclosure Needs of Major Users of Financial Statements, *Accounting and Business Research*, nr. 27, Summer 1977, pp. 187-192.
- R. Chenhall and R. Juchau, Information Requirements of Australian Investors, *JASSA*, no. 2, 1976, pp. 8-13. Reprinted in Courtis (1978, pp. 113-122).
- J. K. Courtis, *Corporate Annual Report Analysis*, AFM Exploratory Series, no. 5, University of New England, Armidale, Australia, 1978.
- M. J. Epstein, *The Usefulness of Annual Reports to Corporate Shareholders*, Los Angeles, California State University, 1975.
- F. D., Omzetcijfers 1978, Amsterdam, *Het Financiële Dagblad*, 1979.
- M. Firth, A Study of the Consensus on the Perceived Importance of Disclosure of Individual Items in Corporate Annual Reports, *The International Journal of Accounting*, Fall 1978, pp. 57-70.
- J. Klaassen and H. Schreuder, *Het financiële jaarverslag van ondernemingen: een onderzoek onder gebruikers*, Leiden, Stenfert Kroese, 1980.
- T. A. Lee and D. P. Tweedie, *The Private Shareholder and the Corporate Report*, London, ICAEW, 1977.
- M. Lafferty and D. Cairns, *1980 Financial Times World Survey of Annual Reports*, London, The Financial Times Business Publishing Ltd., 1980.
- M. Lafferty, *1979 Financial Times Survey of 100 Major European Companies' Reports and Accounts*, London, The Financial Times Business Publishing Ltd., 1979.
- H. Schreuder, Employees and the Corporate Social Report: the Dutch Case, *The Accounting Review*, April 1981.
- R. C. Wilton and J. B. Tabb, An Investigation into Private Shareholder Usage of Financial Statements in New Zealand, *Accounting Education*, vol. 18, no. 1, May 1978. Reprinted in Courtis (1978, pp. 169-175).