

The need to improve enterprises' annual reporting in the context of its users' characteristics. Evidence from Poland

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Abstract


Purpose: The purpose of the paper is to present the results of research among Polish annual report users on their information needs regarding improving the financial and non-financial information in annual reports. **Methodology/approach:** The study was conducted using two research techniques. The first one is an online survey addressed to respondents of an external database; the second one is individual interviews. The 694 responses were analyzed to find a relationship between the responses and the characteristics of the respondents, such as gender, age, or education. The survey was conducted among people selected randomly who had experience in professions such as tax advisor, accountant, chartered accountant, financial analyst, financial advisor, investor, controller, management accounting specialist, internal auditor, and manager. **Findings:** The data analysis showed the legitimacy of the actions taken to improve the approach to both the scope and structure of annual reports in the context of their users' needs. However, like any empirical study, the results of this study should be interpreted with caution. While the research is an attempt to fill the research gap in the area under study, it is also relevant to practice. **Originality/value:** The results can contribute to a better understanding of the needs of users of business information, and thus, the opportunity to meet them.


Keywords: needs of annual reports' users, financial information, non-financial information, annual reporting, improvement, characteristics of business information users.


Streszczenie


Potrzeby doskonalenia raportów rocznych przedsiębiorstw a specyficzne cechy ich użytkowników na przykładzie Polski

Cel: Celem artykułu jest przedstawienie wyników badań wśród polskich użytkowników raportów rocznych na temat potrzeb informacyjnych użytkowników informacji biznesowych w zakresie doskonalenia

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informacji finansowych i niefinansowych w raportach rocznych. **Metodyka/podejście:** Badanie zostało przeprowadzone przy użyciu dwóch technik badawczych: pierwsza to kwestionariusz *online* skierowany do respondentów zewnętrznej bazy danych; druga to wywiady indywidualne. 694 otrzymane odpowiedzi zostały przeanalizowane w celu znalezienia związku między odpowiedziami a cechami respondentów, takimi jak płeć, wiek, wykształcenie. Badanie zostało przeprowadzone wśród wybranych losowo respondentów z doświadczeniem w zawodach takich jak: doradca podatkowy, księgowy, dyplomowany księgowy, analityk finansowy, doradca finansowy, inwestor, kontroler, specjalista ds. rachunkowości zarządczej, audytor wewnętrzny, menedżer. **Wyniki:** Analiza materiału badawczego wykazała zasadność działania polegającego na doskonaleniu podejścia zarówno do zakresu, jak i struktury rocznych raportów w kontekście potrzeb informacyjnych ich użytkowników. Jednak, jak każde badanie empiryczne, wyniki tego badania należy interpretować ostrożnie. **Oryginalność/wartość:** Badania prowadzone przez autorów są próbą wypełnienia luki badawczej w badanym obszarze, są one również istotne w praktyce. Ich wyniki mogą przyczynić się do lepszego zrozumienia potrzeb użytkowników informacji biznesowych, a co za tym idzie, możliwości wychodzenia im naprzeciw.

Słowa kluczowe: potrzeby użytkowników raportów rocznych, informacja finansowa, informacja niefinansowa, sprawozdawczość roczna, doskonalenie, cechy użytkowników.

Introduction

In recent years, the pursuit of improving the annual reporting model has been observed. There are many reasons for this. Above all, it results from the evolution of users' financial and non-financial information needs, with numerous efforts being made to improve the information package available to stakeholders. These activities are mainly undertaken in connection with the criticism of the current reporting model, which does not sufficiently meet the expectations of all market participants, and which also does not provide information about all factors that create value in the business unit (Barth et al., 2017, pp. 43–64). The most frequently mentioned imperfections of modern financial reporting include difficulties in determining the market value of the company, interpretation of the results, the lack of correlation between reports from different periods, the failure to take into account the business model that is significant for the information society, the lack of focus on crucial success factors, not disclosing the company's strategic plans, or the problems in determining the value of some of the company's resources, such as intellectual capital (Solomon, 2010).

The increase in negative opinions has resulted in numerous studies aimed at introducing changes to the reporting model (FEA, 2015). Improved reports involve, on the one hand, changing the layout and form of the reporting model, and on the other, expanding or changing the content of the information report, especially in the area of voluntary disclosures.

This paper addresses the issue of the information needs of users of business information in the area of improving annual reports of enterprises. The authors show the results of surveys among Polish respondents and comment on them. The hypotheses formulated in the paper are to investigate whether:

- financial and non-financial information users find reasonable justification to further improve the scope and structure of annual reports;
- the scope of information needs regarding additional voluntary disclosure in annual reports depends on its users' characteristics (i.e., gender, age, work experience, or education).

The individual sections of the article present, in order, a brief review of the subject literature, hypothesis development, explanation of the methodological approach, the findings of the empirical work, and finally concluding remarks.

1. Research background

Early accounting theories, which were developed on the basis of the neoclassical concept, saw economic entities as so-called “black boxes,” which transform input streams into output streams, bypassing the analysis of internal processes. Economic transformations and the development of economic sciences began in the 1960s with the emergence of “open systems” theories called system-oriented theories. The system-oriented point of view of enterprises and society makes it possible for researchers to focus on the role of disclosed information and its impact on relations between economic entities, the state, society, and many other groups (Epstein, 1975).

The emergence of new ideas, concepts, and solutions in the field of accounting has always preceded the creation of new regulations and the modification of existing ones, but now this phenomenon happens much faster. This is an important factor in accounting development. Prior research suggests that in the 1970s and 1980s the information preferences of financial report users were clearly indicated in accounting, and it constituted the basis for criticism of contemporary reporting. A number of studies showed that the annual report remained the most important source of information for individual investors for many years (e.g., Epstein, Pava, 1993; Bartlett, Chandler, 1997).

The limitations of traditional financial statements in providing a full picture of how a company generates value and its impact on society have been repeatedly documented in the literature on sustainable development (e.g., Jones, Solomon, 2013). The disclosure of voluntary, useful business information has been the subject of numerous studies based on various theories, including stakeholder theory, legitimacy theory, institutional theory, signaling theory, stakeholder theory, and the theory of voluntary disclosure, which all serve to explain the various factors that affect an enterprise's information policy (including CSR information).¹

¹ In literature, a number of trends in research related to nonfinancial information, especially CSR reporting, can be identified (e.g., Parker, 2014; Oiu et al., 2016). Many studies also concern the relationship between national culture and CSR. The results of these studies suggest that all four dimensions of culture defined by Hofstede (1983, pp. 75–89) can be closely related to engagement in CSR activities.

While the theory of legitimacy applies to the whole of society (Hummel, Schlick, 2016), the theory of stakeholders limits its scope, focusing on a specific group of companies interested in the activities. As far back as the 1960s, Ansoff and Stewart emphasized the need to include all participants in the organization's life in decision-making processes, which is a key factor in determining the company's long-term success (Ansoff, Stewart, 1967, pp. 71–83; Freeman, Dmytriiev, 2017).

Stakeholder theory makes it possible to consider the nature of relationships between the company and its environment from the point of view of the benefits obtained by both parties, and it focuses on the decision-making process in the company. Stakeholders influence the organization while remaining under its influence. The growing interest in stakeholder theory is associated with increasingly complex and significant relationships between business organizations and their environment, especially in disclosing information about an enterprise. Many accounting researchers, for example, Lammers and Garcia (2017), refer to institutional theory, showing its relationship with financial and non-financial information disclosed by companies. What information is disclosed and in what form is largely determined by existing norms and the pressure of society or specific groups.

For information theory, its usefulness supports the processes of change and helps to achieve goals, which is associated with the constant search for information and the use of various databases and sources of information. An important position in the literature on the subject, which extensively discusses the issues of decision-making utility theory, is the dissertation of Staubus (2000). Usability is a *sine qua non* condition for the proper operation of an organization and its correct and timely response to stimuli from the environment. In addition, the usefulness of information supports the communication between management and employees, and it enriches individual knowledge, thanks to which it is possible to achieve the goals of the whole group.

In accounting, the usefulness of information results from its basic functions. Whether information is useful at a particular moment is influenced by many factors, so the relationship between available and necessary information should be determined. Nowadays, the flow of capital is not only determined by disclosed financial information; the demand for non-financial information is increasing. For example, companies are expected to provide information on the environmental impact of their activities, and society requires companies to comply with ethical norms and values, wanting to know if they apply the given norms. That is why social reports are becoming more and more popular. Organizations that voluntarily take into account (also in the management strategy) social interests, environmental aspects, and relations with various groups of stakeholders, in particular, with employees, are usually looked upon more favorably by other market participants (clients, investors, lenders) and they theoretically have a better chance of developing (Kolk, 2016).

On capital markets, efforts are made to minimize information asymmetry, so that all market participants have relatively comparable access to them. However, in practice, the management of an enterprise always knows more than the shareholders or other

stakeholders, and market share prices do not take into account the effects of access to information that is not publicly disclosed. Information asymmetry is an important determinant in shaping the structure of disclosures (Myers, Majluf, 1984, pp. 187–221).

Monroe and Woodliff (1993) studied the impact of education on different users' expectations regarding financial statements. Graham et al. (2005) researched the voluntary disclosure of information among 400 financial directors. About 60% of the respondents said that an important barrier to voluntary disclosure is revealing confidential information about the company. Also, Schneider and Scholze (2011) found that companies stop disclosing details about segments to reduce the intensity of competition. Aggregated information may be an instrument of protection against competition, even if the entry of a competitor into a given market is inevitable.

Some empirical studies confirmed the positive impact of the increased scope of disclosures on investor protection. However, it was found that the increased scope of disclosures does not adversely affect the competitive position, mainly by disclosing sensitive data to competitors (Renders, Gaeremynck, 2007; Samaha et al., 2015; Bueno et al., 2018).

A separate subject of modern accounting research is the informational value of financial reporting and the usefulness of information generated in the accounting process considered from the point of view of an external and internal user (Lev, Zarowin, 1999; Grahame et al., 2005). It shows that the experience and level of knowledge of the report users, such as auditors or accountants, have an impact on the perception of the information contained within them (Manson, Zaman, 2001; Gold et al., 2012).

Only a small number of prior empirical accounting studies exist in the meanings of different types of business information (financial and nonfinancial, numerical and descriptive, ex post and ex ante information) and its contexts for individual user groups (e.g., Benjamin, Stanga, 1977). Deegan and Rankin (1997) investigated the importance of environmental information for shareholders, academic teachers, stockbrokers and financial analysts, financial institutions, groups of environmental lobbyists, industry associations, and other groups who perform a controlling or supervisory role. The results indicate that:

- the majority of the surveyed users of annual reports believe that environmental information is material to their decisions and that they seek the disclosure of this information in corporate annual reports.
- the users typically believe that environmental information is material,
- the majority of the user groups rank environmental information behind traditional financial information, such as profits, net assets, cash flows, and dividend payments.

However, it should be emphasized that most of this research concerned developed economies and was conducted mainly between 1975 and 1997 (e.g., Lee, Tweedie, 1981; Chang, Most, 1985; Epstein, Pava, 1993; Anderson, Epstein, 1995; Bartlett, Chandler, 1997). Research conducted in the last decade usually refers to older studies

in this field (e.g., Cheng et al., 2014; Sun et al., 2016; Zaini et al., 2018; Morris, Tronnes, 2018).

Researchers rarely studied the relationship between users' age, gender, and level of education in the context of improving the scope and structure of financial and non-financial information. Cardoso et al. (2016) showed that a higher level of knowledge is detrimental to the accuracy of the interpretation of numerical information in all types of disclosure. This is consistent with previous studies (e.g., Bengtsson et al., 2005; Squintani, 2013), which showed that overconfidence is detrimental to the decision-making process. In contrast to research on the level of users' knowledge, gender did not affect the overconfidence of the subjects, suggesting that male and female financial analysts are equally overly confident, e.g., when analyzing the graphic presentation of information. It could be the effect of an individual choice. According to Bengtsson et al. (2005), only overly confident women will choose the profession of a financial analyst, or perhaps this profession changes their overconfidence, making both genders homogenous in this feature.² Squintani (2013) also noted that even if users of reports are considered to have knowledge, the information itself may have different levels of intelligibility. Therefore, the term "comprehensibility" is of great importance to users of business reports.

2. Hypotheses development

Based on the literature review, a gap in contemporary studies concerning improving financial reporting was identified. This prompted us to research the improvement of current annual reports. The research was conducted in the context of the growing needs of information users in a dynamically changing business environment. Accordingly, the main hypotheses and auxiliary hypotheses were determined. For this study, two main hypotheses were formulated:

1. The main hypothesis H1

Financial and non-financial information users find reasonable justification to further improve the scope and structure of annual reports and

2. The main hypothesis H2

The scope of information needs regarding additional voluntary disclosure in annual reports depends on the characteristics of its users (gender, age, work experience, and education).

² Using a large set of exam data from Stockholm University, the authors also found that exam behavior is gender-specific: male students are more inclined to aim for a higher grade than female students.

3. Methodology approach

To test the main hypothesis H1, two auxiliary hypotheses were formulated:

1. **H1.1:** Improving the scope and structure of financial information in annual reports is reasonable.
2. **H1.2:** Voluntary disclosures of non-financial information in annual reports are needed.

However, to check the main hypothesis H2, eight cases of dependence of assessments and characteristics of the users of financial and non-financial reporting were identified (see Table 1), and then tested for:

- the correlation between gender and the directions of reporting improvement and
- the relationship between age, education, and work experience, and the direction of reporting improvement.

In accordance with the data in Table 1, the relationship between the respondents' assessments and their characteristics was checked. Verification of dependence was based on a chi-square test (this test was used to check only the gender of respondents in the context of their evaluation, i.e., the dependence of A1 states that *respondents' opinions confirm the need to improve the approach to the scope and structure of financial information in annual reports, and it depends on the respondents' gender*) and Spearman's coefficient test and the Kruskal-Wallis test, which served to analyze the remaining characteristics of the respondents, i.e., age, education, and work experience.

The study evaluated the usefulness of improving the structure and scope of financial and non-financial information. The process of improving financial reporting is a response to the growing needs of information users and the dynamically changing environment of business entities. The authors intended to investigate whether users' information needs (regarding voluntary disclosures) in annual reports depend on their gender, age, work experience, and education.³

In the first part of the questionnaire, the respondents were asked whether:

- attempts to rebuild the scope and structure of annual reports,
- creating new forms of financial information, and
- voluntary disclosure of non-financial information

in the annual report are necessary and useful for an external user.

To achieve the goal, a survey was conducted among a selected group of business report users. It was carried out using a questionnaire, which consisted of seven questions: two closed questions with answers and five metric questions). The survey was

³ The article presents only a part of the authors' research project. Its purpose was mainly to evaluate trends in the improvement of modern enterprise annual reports and visualizing business (financial and non-financial) information. Due to the volume of the article, only the conclusions of the preliminary study are presented regarding the users' needs from business reports and their openness to additional, voluntary disclosures.

conducted between January and February 2017, and from May to September 2018, using two research techniques: an online survey, addressed to 547 specified respondents, and 147 individual interviews. The questionnaire was distributed among respondents selected randomly to meet the targeted selection criterion. The main criterion for the selection of the sample was that they had experience in professions such as a tax advisor, accountant, chartered accountant, financial analyst, the stock exchange, banking, financial advisor, investor, controller, management accounting specialist, internal auditor, manager, financial director, a member of the Supervisory Board. In total, 694 correctly completed questionnaires were received. The results of the individual interviews with the respondents did not bring significant deviations in their answers; therefore, the results of both techniques were combined.

Table 1. Types of dependencies between user characteristics and their ratings in the study of reporting improvement directions

Evaluation (assessment) [A–B]	Characteristics [1–4]			
	[1] Gender	[2] Age	[3] Education	[4] Work experience
[A] – Opinions about the need to improve the scope and structure of financial information in annual reports	A1	A2	A3	A4
[B] – Opinions about the need to improve the voluntary non-financial disclosures in annual reports	B1	B2	B3	B4

Source: authors' own study.

The respondents were asked to indicate which of the above issues they agree with, using a five-point Likert scale, where 1 is “definitely not” and 5 means “definitely yes.” The second part of the questionnaire contained questions about the respondents' gender, age, education, occupation, and work experience. The research attempts to fill the research gap in this area, which is also relevant to the practice. The results of the study may contribute to a better understanding of the needs of business information users.

The survey respondents included 359 women (51.73%) and 335 men (48.27%). The majority were over 55 (they constituted 29.97%). Fewer respondents were from the 36–45 (26.95%) and 46–55 (22.77%) age groups. The dominant work experience was 16–25 years (28.24%). The second-largest group was those over 35 with an apprenticeship (22.91%) and work experience of 6–15 years (21.90%), while those of up to 5 years (9.65%) constituted the smallest group. Most respondents had higher education (accounting for 88.62%). Table 2 shows the characteristics of the sample according to their occupation.

Table 2. Characteristics of the sample tested – occupation

Professional groups	N	%
Financial/stock market/bank analyst	22	3.17
Controller/specialist in management accounting/internal auditor	34	4.90
Financial/investment advisor	16	2.31
Tax adviser/accountant/auditor group	276	39.77
Professional group consists of managers/financial directors/members of the supervisory board	204	29.39
Other	142	20.46
Total	694	100.00

Source: authors' own study.

The dominant professional group was tax advisers/accountants/auditors, who constituted 39.77% of the respondents. The group consisting of managers/financial directors/members of the supervisory board accounted for 29.39%.

4. Findings

In the detailed study, the data of abundance was analyzed which was presented in the counting tables, also emphasizing the percentage shares of individual variants of features. To determine the universality and validity of individual response options, appropriate measures were used. In order to estimate the importance of each factor, the median and dominant measures were calculated (the number of respondents was indicated choosing both upper and lower quartiles) and as a measure of diversity chosen deviation quarter. Therefore, for evaluating and interpreting the results, the most important factor is the one that has the highest median and moda.

The verification of the main hypothesis H1 was carried out by checking the auxiliary hypotheses (H1.1, H1.2) to which the individual survey questions were assigned. Thus, the auxiliary hypotheses were checked by analyzing the responses to specific survey questions (Table 3).

The results of the study indicate that in question 1 (which was directly related to auxiliary hypothesis H1.1), the respondents chose positive values (i.e., the answers “somewhat yes” and “definitely yes”), confirming the validity of improving reporting financial and non-financial data. The results presented in Table 3 clearly show that the respondents answered question 2 (related to auxiliary hypothesis H1.2) differently. The dominant values, in this case, were negative (the answers “somewhat no” and “definitely not”). Over four times more respondents (“definitely yes” and “somewhat yes”) were among the dominant answers – cf. Table 4), indicating the validity of attempting

to model the scope and structure of the annual reports in previous years (hypotheses H1.1, H1.2).

Table 3. Descriptive statistics for the auxiliary hypotheses

Variable (questionnaire question)	Auxiliary hypotheses	Median	Domi- nant	Lower quartile	Upper quartile	Quartile deviation
1. Do you think it is reasonable to undertake attempts to improve the scope and structure of annual reports	H1.1	4	4	3	5	1
2. Do you think it would be useful to voluntarily disclose additional non-financial information in annual reports (concerning, for example, CO ₂ emissions, waste management rules, environmental costs)	H1.2	3	4 & 5	2	4	1

Source: authors' own study.

Regarding hypothesis H1.2, i.e., questions about additional disclosures of non-financial information, the distribution of usefulness ratings for additional disclosures is similar to the regular distribution. This means that each assessment category has a similar number of supporters (supporters are only about 4 percentage points higher than opponents). Thus, the survey indicated that there is no reason to reject the H1.1 auxiliary hypothesis.

Table 4. Table of the number of responses

Auxiliary hypotheses	Answers					Total
	Definitely not	Probably not	I have no opinion/ I do not know	Somewhat yes	Definitely yes	
H1.1 (question 1)	42 6.05%	69 9.94%	144 20.75%	223 32.13%	216 31.12%	694 100.00%
H1.2 (question 2)	130 18.73%	139 20.03%	131 18.88%	147 21.18%	147 21.18%	694 100.00%

Source: authors' own study.

In the case of hypothesis H1.2, due to the positive ratings, there are also no grounds to reject it. In the case of this information, we have 42.36% of indications in the category of definitely useful and rather useful, and 38.76% of indications as definitely unhelpful and rather unhelpful. It is worth noting that almost one in five respondents did not have an opinion on this subject. This could be an interesting aspect in future research. Thus, it was found that from the point of view of the information needs of the users of annual reporting more positive feedback was received, it would be a good idea to improve the scope and structure of annual reports. As the analysis of the data demonstrated the legitimacy of the actions taken, know the strength of correlation between the issued ratings and the characteristics of users (respondents), i.e., gender, education, age and work experience of respondents. Eight dependencies of assessments and the users' characteristics were examined to verify the main hypothesis H2. A chi-square independence test (used to examine the relationship between two nominal variables) and the V-Cramer coefficient (determining the level of relationship between two nominal variables) indicated the gender dependence on the results in questions 1 and 2, i.e., women more often expressed acceptance for the legitimacy of activities aimed at modeling the scope and structure of annual reports (see Table 5). The dependence of assessments on age, education, and work experience was determined using Spearman's rank coefficient. Age (-0.070^*) and work experience (-0.070^*) negatively and statistically significantly influence the assessment of the legitimacy of attempting to improve the scope and structure of annual reports. Older respondents, as well as those employed for a long time, indicated the lack of legitimacy of these attempts.

The education of the respondents (0.156^{**}) had a significant and positive influence on the results concerning question 1, i.e., the respondents with higher education more often indicated the validity of these tests (see Table 5). The assessment of the usefulness of additional (voluntary) disclosures in the annual report of non-financial information concerning, for example, CO₂ emissions, waste management rules, environmental costs incurred, or policies regarding corporate social responsibility, depends on education (-0.035). The respondents' age (-0.108^{**}) and work experience (-0.152^{**}) have a statistically significant and negative impact on their responses concerning question 2, i.e., this applies to older people and people with higher education, who evaluate this usefulness.

Significant differences in the distribution of responses in educational groups the Kruskal-Wallis test pointed in assesment A. the test showed a clear direct proportion of the impact of education on the usefulness of assessments; the higher education, the higher the average rating, and the smaller variation in responses.

Table 5. Correlation between user's features and their opinions about annual reports

Evaluation (assessment) [A–B]	Characteristics [1–4]										
	[1] Gender		[2] Age		[3] Education		[4] Work experience				
	Chi-square independence test	V-Cramer coefficient (with df = 4)	Coefficient Spearman	Kruskal–Wallis test	Coefficient Spearman	Kruskal–Wallis test	Coefficient Spearman	Kruskal–Wallis test			
[A] – Opinions about the need to improve the scope and structure of financial information in annual reports	p = 0.007	0.143	-0.070*	Asymptotic significance	0.128	0.156**	Asymptotic significance	0.000	-0.070*	Asymptotic significance	0.083
[B] – Opinions about the need to improve the voluntary non-financial disclosures in annual reports	p = 0.003	0.0150	-0.108**	Asymptotic significance	0.002	-0.035	Asymptotic significance	0.418	-0.152**	Asymptotic significance	0.001

* – Correlation is significant at 0.05 (unilaterally); ** – Correlation is significant at 0.01 (one-sided)

Source: authors' own study.

Analysis of significant differences in the responses of internship groups showed that they were expressed in B's opinion on providing additional voluntary disclosures of non-financial information concerning, for example, CO₂ emissions, waste management principles, environmental costs or corporate social responsibility policy in annual financial reports. The test showed that only the grades in the group of respondents who had up to five years of work experience stand out, while in the remaining groups the distribution of grades is identical. Table 6 presents the results of research on the relationship between the users' characteristics and their assessments. In more than half of the predefined dependencies, the correlation of data was indicated, i.e., the respondents' assessment obtained in:

- question 1 shows that they are dependent on the respondents' gender and education;
- question 2 indicates the dependence on the respondents' gender, age, and work experience.

Table 6. The results of the research on the relationship between the characteristics of the users of annual reports and their assessments

Assessments [A–B]	Characteristics [1–4]			
	[1] Gender	[2] Age	[3] Education	[4] Work experience
[A] – Opinions about the need to improve the scope and structure of financial information in annual reports	A1 The dependence is confirmed	A2 The dependence is not confirmed	A3 The dependence is confirmed	A4 The dependence is not confirmed
[B] – Opinions about the need to improve the voluntary non-financial disclosures in annual reports	B1 The dependence is confirmed	B2 The dependence is confirmed	B3 The dependence is not confirmed	B4 The dependence is confirmed

Source: authors' own study.

Therefore, in five of the pre-determined cases, a relationship was identified, and this was the main justification for the hypothesis H2.

Testing the main hypotheses H1 and H2 did not allow us to claim that the respondents do not feel the need to improve financial and non-financial information. It can, therefore, be concluded that improving the approach to both the scope and structure of annual reports is reasonable from the point of view of their users.

Conclusions

Searching for the right form and scope of information communicated to stakeholders is a challenge for modern annual reporting. In recent years, the importance of how information is communicated has also been observed.

In the context of the growing needs of business information users and the dynamically changing environment of business entities, improving the approach to both the scope and the structure of annual reports is justified. In Poland, but also in other countries, researchers rarely deal with the issues of the relationship between the users' age, gender, and level of education in the context of modeling the approach to financial and non-financial information. Hence, this study may become the starting point for discussions in this area, especially against the background of Polish business practice. These considerations led the authors to verify two main hypotheses in the paper:

1. The main hypothesis H1:

Financial and non-financial information users find reasonable justification to further improve the scope and structure of annual reports. The H1 hypothesis was supported by auxiliary hypotheses, which were two questions from the survey. Based on the respondents' answers, it was found that improving the scope and structure of annual reports is justified from the point of view of the information needs of users of annual reports. However, regarding the need to improve the approach to voluntary disclosure of non-financial information in annual reports, the respondents did not show such positive responses as in the case of improving the structure of financial information in annual reports.

2. The main hypothesis H2:

The scope of information needs regarding additional voluntary disclosure in annual reports depends on the users' gender, age, work experience, and education. In H2, the correlation strengths between the assessments and the users' characteristics were verified. The education and responses of the respondents had a significant and positive influence on the responses concerning questions 1 and 2. However, age and work experience adversely affected the respondents' assessment of the need to improve voluntary non-financial disclosures in annual reports. The authors treat this paper as a preliminary study on the opinion of stakeholders regarding the suitability of additional information sections in the annual report.

In the future, the authors intend to develop a proposal to improve the contemporary elements of the annual report by developing additional information sections (based on selected balance sheet doctrines and the concept of "sustainable cash flows"), and they will propose ways to visualize financial and non-financial data to improve the information usefulness of companies' annual reports in the eyes of their stakeholders.

However, like any empirical study, the results of this study should be interpreted with caution. The findings and conclusions may not be generalizable because the study was conducted on an incomplete sample.

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