

Achieving quality in social reporting: the role of surveys in stakeholder consultation

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Introduction

The idea that companies should be held accountable for their social performance has become increasingly accepted over the last five to ten years (Wheeler and Sillanpää 1997, McIntosh et al. 1998). This has generated considerable debate about how companies should demonstrate their Corporate Social Responsibility (CSR) and about what constitutes best practice in social accounting, auditing and reporting (Zadek et al. 1997). Key principles underlying notions of best practice are that socially responsible companies should engage in dialogue with their stakeholders and produce a social report that is an account of their social performance. How social reports are verified and the quality of that verification are key concerns that have been noted by commentators (Sustainability/UNEP 1999).

In order to promote better practice in this area, the Institute for Social and Ethical Accountability (ISEA) has developed the 'AA1000' quality standard for social reporting (ISEA 1999) and a new professional group of qualified social auditors is emerging. However, existing standards focus mainly on the processes of reporting and verification. Less has been written about how the data used in CSR reports are generated.

There are also other concerns. In their recent critical review, the New Economics Foundation (Doane 2000) noted that current developments in CSR were pioneered in the UK by green/ethical businesses, such as Traidcraft, The Body Shop

and the Co-op Bank, but that now many leading UK companies are publishing social reports (e.g. BP, BT, Shell, BAA). This has opened up a debate about how much CSR activity is effectively 'corporate spin', solely concerned with the reputation management of major brand names, or to what extent it reflects a values-led ethical approach to business.

The survey approach

Many organisations have used questionnaire surveys as their main method for consulting with their stakeholders (e.g. The Body Shop 1996). There are a number of reasons why companies have chosen to use surveys as one of their main ways of documenting their relationship with their stakeholders: most notably, because the social survey is a well understood social science research method. Surveys generate numerical data and this makes the process of drawing comparisons both within and across stakeholder groups relatively straightforward. The process of developing a survey through focus group research and questionnaire piloting is also well established (Moser and Kalton 1971).

Yet while the technical and statistical issues associated with conducting surveys are well understood, and while many companies are already using surveys internally (for example to measure employee attitudes or to evaluate HR initiatives), less thought appears to have been given as to how

best to adapt the various components of the survey process in order to maximise the value of stakeholder dialogue between the partners in the survey process (i.e. the company and the stakeholder group). In the remainder of this paper we outline how Novo Nordisk, the Danish pharmaceutical and biotechnology company, worked with the Centre for Stakeholding and Sustainable Enterprise (CSSE) at Kingston University Business School to develop a stakeholder inclusive approach for its 1999 world-wide employee survey. The results of the survey are presented in Novo Nordisk's 1999 Environmental and Social Report, 'Putting Values into Action', which was published in April 2000.

Developing a stakeholder inclusive approach for an employee survey

Novo Nordisk's original objective was to conduct an employee survey that would establish a means of measuring its reputation among Novo Nordisk's employees on a global basis. This entailed translating the company's core values into relevant behaviours and activities against which employees could actually evaluate the performance of the company. CSSE and Novo Nordisk worked together to operationalise this objective in a way that it was believed would promote stakeholder dialogue. If successful, it would add value to what might otherwise have been a routine exercise in conducting a large-scale multinational survey for a company that operates in 68 countries and has over 15,000 employees worldwide.

Our aim to develop a stakeholder inclusive approach for the employee survey led us to make a number of key decisions about how the survey should be conducted. These were influenced by practical considerations and by the desire to develop the survey in a way that would stimulate opportunities for dialogue both now and in the future.

(i) Focus on specific countries

It was vitally important that the survey was perceived as being rigorously designed. If certain

groups of employees were excluded from the design process, the social report would lack intellectual and political credibility. Consulting with employees in all the countries participating in the survey would therefore be essential. However, with a workforce spread across a large number of countries, resource and time constraints would, in practice, make it extremely difficult to carry out consultation in every country in which Novo Nordisk employed people.

It was decided in this first survey to concentrate efforts on those countries where Novo Nordisk has greatest business presence (Denmark, Japan, United States), and to include one other Western European country (France) and one emerging market (India). How a company is perceived in emerging markets is critical from a reputational viewpoint. By selecting these countries, approximately 80% of Novo Nordisk's worldwide workforce was included in the survey. In subsequent surveys it will be much easier to extend the existing survey to include employees in other countries.

(ii) All employees not a sample

All employees in the five participating countries were included in the survey. From a statistical viewpoint, an accurate picture of employees' opinions of the company could have been generated by sending the questionnaire to a representative sample of employees. However, such an approach is potentially divisive as it could result in some employees feeling that they had not been consulted or asked for their opinions. By inviting all employees in the participating countries to complete the questionnaire, it was hoped that a genuine sense of inclusiveness would be generated. It reinforced the message that the company was concerned with the quality of its relationship with *all* its employees.

The one risk of this strategy was that it would raise expectations of change that would be difficult for Novo Nordisk to meet. However, this is a main reason for conducting stakeholder dialogue. Once a company has committed itself to this activity and, moreover, to publishing the results fully, responding to the issues raised by the survey is not just inevitable, but essential if the potential

business benefits from the process, i.e. a more engaged and committed workforce, are to be realised. Failing to respond adequately to the survey findings would be likely to result in reduced workforce morale and a lowering of the quality of communication between employees and the company.

(iii) Engage with HR, senior management and trade unions

When the results of a survey are destined to be published externally in a social report, it is easy to forget that there are also clients inside the company. In particular, it is important to engage directly with HR and senior management to ensure that the survey covers issues that are important to their organisational agendas and that they fully understand, and are able to influence, the survey process. After all, they are stakeholders in the company too.

In Novo Nordisk, which was in the process of going through a de-merger of its Health Care and Biotechnology businesses, working closely with HR and senior management in each of these two businesses was an essential part of the process. It ensured that the respective businesses fully understood the nature of the commitment they needed to make to the survey process and were also prepared to engage with the survey findings by taking responsibility for further consultation with employees about issues identified in the results.

Employees also have their own representative organisations, trade unions. It was particularly important that trade union representatives in the company were kept fully involved in the survey process. Presentations were made to the company's trade union representatives in Denmark at key stages of the project. This ensured that not only were the trade unions fully informed on the progress of the survey but also had the opportunity to shape its development.

(iv) Establish an independent advisory panel

In order to provide quality assurance of the survey process, it was decided to establish an independent advisory panel. The panel had two main roles:

(a) to review and evaluate the survey process in order to assess the overall relevance, quality and consistency of the research methodology, and (b) to scrutinise and comment upon the presentation and interpretation of the survey findings in the draft and final reports.

Three of the panel members had academic appointments (one in Canada, one in the UK and one in Denmark) and the fourth had a background in HR in Denmark. They were chosen to reflect a range of experience and interests, for example expertise in social and environmental reporting, and experience of employment research for trade unions. The panel met on three occasions at key stages of the survey process. This enabled them not only to scrutinise the survey process but also to offer comments and suggestions. In particular, they offered valuable advice on how Novo Nordisk might disseminate the survey findings in ways that would encourage employees to engage more directly with the survey findings, for example through the use of the company's intranet (see below).

(v) Large-scale consultation

A survey must not just be a consultation exercise with employees about a corporate agenda. The design process, therefore, had to give employees the opportunity to shape the scope and content of the survey questionnaire. An extensive programme of consultation, including 38 focus groups, was carried out in the five participating countries. In order to encourage openness, the focus groups were carried out with employees from similar staff groups within the company. This was intended to ensure that employees would be participating in a focus group with their peers and would, therefore, not be in a group with their managers or people who reported to them, both of which might inhibit the openness of discussion. Members of the CSSE research team conducted all the focus groups with assistance from translators in France and Japan.

The focus groups included a semi-structured written exercise, designed to elicit the behaviours and activities associated with the company's core values, as well as a more open-ended discussion of

issues that were important to participants. The draft survey questionnaire was developed after this initial consultation and was then extensively piloted. Participants in the pilot sessions not only completed the draft questionnaire but were also given the opportunity to discuss the questionnaire content and identify other issues they felt ought to be covered in the survey. Over 600 employees were involved in the process of designing and reviewing the questionnaire with the objective that, when employees received the survey questionnaire, they could be confident that it would enable them to rate the performance of the company on the issues that mattered most to them.

(vi) Questionnaire content as performance indicators

Another challenge was to keep the questionnaire as brief as possible while at the same time covering a wide range of issues. Attitude statements were developed to provide data that could be seen as indicators of Novo Nordisk's performance in key areas rather than being able to describe in great detail the nature of that performance. For example, this meant including only one statement that asked directly about equal opportunities issues and two that asked about work-life balance. While this judgement was made on the results from the initial focus groups, it was tested in the 18 sessions where the questionnaire was piloted with 215 people.

The fact that the questionnaire included several open-ended questions, for example 'What single change at Novo Nordisk would most improve your working life?' as well as the opportunity for respondents to make additional comments about their own views or situation, meant that the survey also generated additional information that could be used to provide further insight into many of the issues covered by the attitude statements. All these comments were transcribed and reported anonymously. This approach to questionnaire development meant that, although the core content of the questionnaire was focused on key issues that emerged from the consultation, there were no barriers to respondents raising other issues that were important to them personally.

It was recognised from the outset that the survey should not be the only way of communicating with stakeholders. It would need to be followed up by more focussed communication within particular parts of the business, or with particular staff groups, in order to work out how best to address the issues raised.

(vii) Use of appropriate languages

Novo Nordisk's official business language is English and all important business documents are produced in both English and Danish. While the company's official communications assume that employees outside Denmark will understand English, the questionnaire was translated into French and Japanese so that, as far as possible, it was available in the respondent's first language. The high response achieved in both these countries may be partly attributable to the fact that it was translated. English language versions of the questionnaire were prepared for use in the USA and India. In Denmark, a Danish version of the questionnaire was used but non-Danish employees were sent an English version of the questionnaire.

(viii) Intranet reporting

The survey findings were disseminated using the company intranet in addition to other more conventional means. In particular, a reporting module was designed that allowed employees to conduct their own analyses of the survey data. The aim was to make the reporting process as transparent as possible. Employees were also invited to comment on the survey findings and survey process through the intranet.

A number of safeguards were put in place to ensure the confidentiality of individual employees' survey responses. For example, only limited background information was made available on the intranet and some answer categories were collapsed (e.g. age groups). Analysis of the survey data for a particular sub-group was only permitted if the number of respondents was ten or greater.

Survey findings

Findings from the survey were presented in Novo Nordisk's Environmental and Social Report 'Putting Values into Action' and Table 1 highlights a few key findings from the report. The main points to note from this table are:

- the strong endorsement of the company taking environmental and social issues seriously, with 75% of respondents to the survey agreeing or agreeing strongly with this statement;
- over half the respondents reporting that they are kept well informed about what is going on in their company (i.e. their part of the business);
- more than 90% reporting that they have a clear understanding of their job responsibilities;
- half the respondents feeling their pay is as good as in similar companies;
- about a third feeling they are under too much work pressure and a similar proportion not satisfied with the quality of management's decision-making in their company;

- half the respondents agreeing that senior management will take the results of the survey seriously and respond adequately and just under a quarter disagreeing.

While the published survey findings support Novo Nordisk's commitment to social and environmental reporting, it is also clear that the company is not just presenting a selection of favourable survey results, but is acknowledging that employees have concerns that need to be addressed. The survey findings also indicated employees' confidence in, and expectations from, the survey process.

Outcomes

The 1999 Novo Nordisk Environmental and Social Report included a process of independent review but we would maintain that the consulted stakeholder group should also be seen as a key 'verifier' of any report of a stakeholder consulta-

Table 1: Key results from the survey: all respondents

Attitude Statement	Strongly disagree %	Disagree %	Neutral %	Agree %	Strongly agree %
I think the social and environmental performance of Novo Nordisk is as important as its financial performance	1	7	18	50	25
I am satisfied with the quality of management's decision-making in my company	7	27	36	27	3
I am kept well informed about what is going on in my company	4	17	23	47	9
I have a clear understanding of my job responsibilities	0.5	3	4	47	45
I feel I am under too much work pressure	5	31	32	22	9
In my experience pay at Novo Nordisk is as good as in similar companies	5	18	26	35	16
I trust that senior management in my part of the business/my company will take the results of this survey seriously and respond adequately	6	17	26	39	12

Source: Novo Nordisk (2000). Putting Values into Action: Environmental and Social Report 1999.

tion process. In the case of the employee survey, if the employees themselves do not feel the survey findings present an accurate account of what it is like to work for the company, or fail to identify key issues that are of concern to employees, then the process has failed. Employees will also have additional criteria for judging the success of the process. In particular, they will be concerned to judge the quality of Novo Nordisk's response to the survey findings and whether local management is seen to be addressing the issues raised by the survey. Future surveys should investigate employees' perceptions of the company's response to the survey findings.

It is too early to judge whether the outcomes justify the survey being described as successful from a stakeholder's perspective and as is noted in the report, 'The overall success of the survey will depend on how the survey results are communicated and the quality of the subsequent dialogue with employees about the findings and their interpretation' (Novo Nordisk 2000: 23). However, we believe that certain elements of the way the process was conducted were prerequisites for a successful outcome. Just as we would doubt that a legal trial achieved a fair outcome if the proper processes were not followed, so we would argue it is unlikely that a successful outcome to a process of stakeholder dialogue would be achieved if certain key elements were missing.

(i) Independence and transparency

An external organisation conducted the survey. Employees could therefore be assured that their replies to the survey would be treated as confidential. The extensive process of consultation and the establishment of an independent advisory panel should have also given employees confidence in the integrity of the survey process. Communication about the various stages of the survey process, which ranged from briefing notes for participants in focus groups to articles in *Dialog*, Novo Nordisk's internal newspaper, and to the covering letters which accompanied the questionnaire, was also designed to ensure transparency in the process.

(ii) Quality of response

One indicator of confidence in the process was the overall survey response rate of 59%. Response rates varied from 55% in the USA to 90% in India. This is a high response rate for a postal survey without a targeted reminder. Nor is there any evidence that employees were afraid to express negative views. Some of the more negative views were associated with parts of the business where there was a particularly high response rate and this can be considered as another indicator of employees' confidence in the integrity of the survey process, and that issues identified in the survey would be addressed.

(iii) Sequencing and range of outputs

Transparency was also achieved in the way the survey results were reported. Initial summary results were provided to inform an Organisational Audit process. Further analyses were then carried out on key issues identified from the initial results. In addition, all the open-ended comments were transcribed (and translated where necessary) and reported anonymously (i.e. all personal identifying information was removed). Presentations were made to management in each of the businesses as well as to trade unions in Denmark and articles published in *Dialog*. The availability of the survey data on the intranet has meant that employees could conduct their own analyses of the survey data. Finally, an executive summary of the findings is available on the Novo Nordisk website in addition to the account in the 1999 Environmental and Social Report.

(iv) Dialogue continues

Stakeholder dialogue is a continuous activity. The decision by Novo Nordisk to conduct a worldwide employee survey in five countries and to report the findings publicly clearly represents a significant investment of effort and resources to measure the quality of the company's relationship with its employees. Top management would not engage in such an activity if they did not believe it would have substantial business benefits. It is a measure

of their intention to align the business to an agenda of sustainable development.

The two new Novo Nordisk companies resulting from the de-merger of the pharmaceutical and biotechnology businesses committed themselves to running similar surveys in 2001, approximately two years after the first survey. Some people might think that this is a long time to wait but it was planned to allow for time to develop and put in place responses to the issues raised by the initial survey in consultation with, and with the involvement of, employees. Conducting a survey sooner might well be too early to assess the impact of any changes, as time is needed for them to become embedded.

Conclusions

We do not pretend that this was a perfect process. However, we do believe that the follow-up and review processes that Novo Nordisk plans to put in place will demonstrate that the company has been serious in its efforts to engage with its employees, as a key stakeholder group, about many of the issues raised by the survey. Already there is evidence that the survey has revealed issues within the company that were previously hidden or, at least, not acknowledged. The fact that the two new companies are running employee surveys in 2001 is a sign of their commitment to on-going dialogue with their employees. If successful corporate performance is taken to include the requirement for genuine dialogue with employees and other stakeholders, then organisations need to invest in developing high-quality but cost-effective means of achieving this.

Our experience demonstrates that a stakeholder survey can be conducted in a way that promotes dialogue. We would argue that the stakeholder inclusive approach that we have described has added significant value to the consultation process in the company. The Novo Nordisk experience also shows how the survey process itself can act as a catalyst for promoting dialogue between a company and its employees. Rather than seeing the survey method merely as a research tool, we have shown how it can be adapted, with no loss of rigour, to promote stakeholder inclusion.

In contrast to developing verification processes further, we agree with Wheeler and Elkington (2000) that in the future it will be quality of the direct relationships between organisations and their stakeholders that will maintain trust and engagement. While this will be facilitated by better use of new technology for reporting, as Wheeler and Elkington envisage, there will also be a need to ensure that the processes that are used for consultation promote rather than discourage dialogue. It is also important to remember that the purpose of consultation and dialogue is to find mutually agreed solutions to identified issues of concern. Stakeholder consultation can only claim to be an ethical business practice if it strives to achieve this overarching purpose.

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