

## **Stakeholders in Annual Reports under Ownership Concentration: a Historical Case of a Spanish Brewery Company**

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## **Abstract**

In accounting studies drawing on stakeholder theory, scant attention has been paid to whether annual reports reliably reflect the main events that are relevant to specific stakeholders. In an attempt to fill this gap, we analyse a qualitative document included in the annual report, the management report (MR), for El Alcázar, a medium-sized Spanish brewery company (1928–1993). This historical period witnessed a unique combination of political regimes (e.g., dictatorships, republic, democracy), which exerted a significant influence on social accountability practices. In this investigation, we focus on three critical stakeholder groups—workers, customers, and shareholders. In addition, we use minutes from the governing bodies in order to validate the main events at the company. Although annual reports traditionally have been focused on shareholders, in this case, the capital structure of the company and the non-standardised content of the document itself make it reasonable to expect a different focus. Additionally, it is also expected that a longitudinal study, in line with the evolution of the context, reflects the transition from the traditional shareholder to a stakeholder approach. Overall, our findings show that the shareholders are the main audience for the management report. It covers only a small fraction of events relevant to workers and only a fair number relevant to customers. However, as social expectations started to change beginning in the 1960s, during the Franco dictatorship, the company became accountable to broader stakeholder groups, in line with the development of the stakeholder orientation.

**Keywords:** annual report; corporate social reporting; disclosure; qualitative information; stakeholder orientation

## Introduction

Unlike mainstream accounting research on corporate social responsibility (CSR) (O'Dwyer, Unerman, and Hession 2005; Roberts 1992), a different approach drawing on stakeholder theory focuses on how annual reports reflect significant events or company actions relevant to specific stakeholders (Johansen 2010; Leszczynska 2012; Wilmshurst and Frost 2000). This approach attempts to address one of the 'significant research questions' raised by Unerman (2000, 678) about 'whether corporate social behaviour is adequately reflected in CSR [Corporate Social Reporting]'. Even though companies with higher performance in a specific area presumably will be more prone to describe that performance (Campbell, Moore, and Shrivess, 2006; Clarkson, Overell, and Chapple 2011), Ullmann (1985) warns about using disclosure as a proxy for performance and Unerman (2000) argues that an exclusive focus on annual reports probably results in an incomplete picture of reporting practices. Ullmann (1985, 554) also adds that 'there is considerable evidence that annual reports to shareholders are used to influence the level of external demands originating from many different constituencies, not just shareholders'. Parmar et al. (2010) argue for taking into account the implicit and explicit claims of stakeholders other than shareholders, such as workers and customers (see also Gray 2002; O'Dwyer, Unerman, and Bradley 2005). In an attempt to clarify some aspects of stakeholder theory, Phillips, Freeman, and Wicks (2003) call for applying it to additional firms besides large public corporations. The same recommendations are made by Laplume, Sonpar, and Litz (2008), who also encourage more finely-grained qualitative narratives, adding that 'specifically formal corporate communications such as annual reports and business plans, offer access to longitudinal insights' (1174). In an attempt to address these criticisms, we analyse historically and longitudinally how qualitative narratives included in the annual reports of a medium-sized company (specifically, we use the management report (MR), a non-standardised document originally not legally required) addressed the needs of different stakeholders.

The objective of this study is to determine whether the MR reliably reflects the main events at El Alcázar with respect to specific stakeholders. The annual report has traditionally been focused on shareholders (Ullmann 1985; Springer 1999). However, due to both the capital structure of the company under study (the El Alcázar brewery, 1928–1993) and the character of the MR as a document, we can reasonably presume a different audience. Ownership structure can determine the level of disclosure (Eng and Mak 2003) and the need for external monitoring (Cormier, Aerts, Ledoux, and Magnan 2010). The capital structure of El Alcázar allowed every group of shareholders to be represented on the Board of Directors, so that it was not really necessary to disclose to them publicly information that they could learn and obtain directly. Ajinkya, Bhojraj, and Sengupta (2005) find that concentrated ownership does not require transparent disclosure because owners have access to private information. Burgstahler, Hail, and Leuz (2006) argue that privately-held firms with relatively concentrated ownership structures can communicate efficiently among shareholders via private channels. This argument is corroborated by El Alcázar's general manager (who was also a shareholder): 'As the families of shareholders were represented on the Board of Directors, their respective directors commented directly on company actions and events to them [...] We report to our shareholders, said the Director on duty' (A. Trujillo, personal communication, 12 July 2012). Nonetheless, the company did issue MRs, although these reports did not have standardised content and were not required by law until 1951. Meek, Roberts, and Gray (1995) find that voluntary and non-financial disclosures are oriented more toward a company's social accountability than required financial statements, and are aimed at a broader group of stakeholders than

the shareholders. Thus, it would be reasonable to assume that El Alcázar's MRs were addressed to stakeholders other than shareholders. However, it is also expected that a longitudinal study over most of the twentieth century would need to reflect the transition from the traditional shareholder approach to a stakeholder approach (Carroll 1991).

According to Pleon (2005), the most interested audiences of corporate reporting apart from shareholders are workers and customers. Additional context-related reasons support our decision to analyse these two groups. Important changes in the attention devoted to them would be consistent with the significant development of the social and economic context in the period under study. Moreover, apart from the shareholders, these two stakeholders were the main focus of the first and unique economic and social report elaborated by the company (El Alcázar 1984). However, since shareholders are the traditional target of annual accounts, we include them in our analysis to test our previous assumption. Thus, to summarise, we analyse the extent to which the MR served to communicate the most important events at El Alcázar to these three strategic stakeholder groups. To identify the key events, we have examined internal information from the company's governing bodies, supplemented through interviews with key actors representing these stakeholders. This process allowed us to ask for clarification and confirm evidence by cross-validating data from multiple stakeholders (Gephart 2004; Laplume, Sonpar, and Litz 2008).

Our longitudinal qualitative analysis (1928–1993) focuses on a medium-sized limited company, El Alcázar, engaged in the manufacture and sale of beer. The firm was located in the south of Spain in an underdeveloped and mainly agricultural region. By 1990, with nearly five hundred direct employees (AEPJ 1993), it had become the seventh largest Spanish brewery (by production) (García Ruiz and Laguna Roldán 1999). The company's share capital was provided originally by four family groups, which were extended to six groups of shareholders in the 1960s. Both the country in general and the brewery sector in particular experienced great changes during the observation period. The country cycled through dictatorship, republic, civil war, dictatorship (again), democracy, and joining the European Economic Community (EEC), while beer evolved from a niche product to a mass-market one.

Our paper contributes to the extant research in this area in several respects. First, it expands stakeholder theory by addressing the question: does disclosure reflect the company's actions about its main stakeholders? The method allows us to analyse longitudinally a series of internal documents to identify the main actions and events and, after checking against interview data, to determine how far they were reflected in the disclosures. Second, we examine the entire life of the company (66 years), under a changing and atypical context. In addition, the company has distinctive characteristics: a firm of medium size is not usually associated with a concentrated capital structure, as it is in this case. A medium size allows for a richer dialogue between the company and the stakeholders, giving us optimal conditions for testing disclosure and for making a potential contribution to the research in the area. This approach also extends accounting and business history by demonstrating the evolution and transition of accounting information and disclosure from the traditional shareholder focus to a stakeholder focus. Third, we extend the traditional analysis focused on shareholders to non-managerial stakeholders. Focusing on shareholders, Leszczynska (2012) evaluates the usefulness of multinationals' sustainability reports and finds an improvement in quality over the years studied, although she identifies areas where usefulness could be increased. With regard to workers, Johansen (2010), after interviewing Danish employee representatives in both private- and public-sector organisations, suggests that formal reports represent a limited contribution to accountability. With certain similarities, Wilmshurst and Frost (2000)

examine the relation between actual environmental reporting practices and the stated importance of various factors as ranked by managers and find some significant correlations; among 11 motivating factors identified in the decision to disclose environmental information, *shareholder/investor rights to information* is considered the most significant.

## **Stakeholder Theory**

Traditionally, the shareholder orientation has had a significant effect on business management, mainly through the theory of property rights, which is commonly thought to support this conventional view. However, Donaldson and Preston (1995) argue that, in fact, in its modern and pluralistic form, the theory of property rights supports stakeholder theory instead. They also describe the traditional approach as morally untenable. In this sense, before the 1960s, it was commonly accepted that the corporation's sole responsibility was to provide a maximum financial return to shareholders. It became apparent, however, that this pursuit of financial gain had to be combined with a broader notion of corporate responsibility and from the 1970s onwards, corporate executives have tried to manage the issue of the firm's responsibility to society (Carroll 1991). The stakeholder orientation suggests that a firm should be run in the interests of all its stakeholders, not only those of the shareholders, thus recognising a firm's social responsibilities (Rose and Mejer 2003). The previous process highlights the transition from a shareholder to stakeholder orientation. The balance between these two perspectives is a recurring debate in managerial science (Wall and Greiling 2011).

Stakeholder theory studies the relationship of a company with its stakeholders and claims that a company will increase its value provided it acts to meet the needs of each category of stakeholders (Donaldson and Preston 1995; Freeman 1984; Freeman et al. 2010). Effective management requires taking stakeholders into account systematically and bringing the needs of certain stakeholder groups to the constant attention of the other organisational units of the corporation (Freeman 1984; Harrison, Bosse, and Phillips 2010). The firm must always consider which stakeholders must be satisfied to a greater extent, taking into account that their importance not only evolves over time, but also depends on the relative importance of other stakeholders (Jawahar and McLaughlin 2001; Mitchell, Agle, and Wood 1997; Neville and Menguc 2006).

Goodpaster (1991) identifies two types of stakeholders: strategic and moral stakeholders. According to Frooman (1999), strategic stakeholders can affect a firm, and consequently their interests should be managed. Moral stakeholders are affected by the firm, and thus their interests should be balanced. Strategic stakeholders are considered the most relevant, and firms devote greater efforts to meet their expectations. In a similar vein, Clarkson (1995) uses the terms primary and secondary. As typical primary stakeholders, he identifies shareholders and investors, employees, customers and suppliers, and the public; and as secondary stakeholders, the media and a wide range of special interest groups. In this paper, we focus on three strategic stakeholder groups: workers, customers, and shareholders.

Johnson and Scholes (1993) formulated a matrix relating power and stake to specify four different strategies that the company can adopt toward stakeholder groups. The proactive strategy aims to incorporate into the organisational strategy the interests and expectations of any stakeholder holding a dominant position over the organisation. The accommodative strategy attempts to satisfy the stakeholder's interests. The defensive strategy complies only to the minimum degree legally required. Lastly, the reactive

strategy features reactions to demands or quite simply ignores them (Carroll 1979; Clarkson 1995; Miles et al. 1978).

Jawahar and McLaughlin (2001), integrating resource dependence theory and the life-cycle approach, state that, in a loss frame, the company will adopt a risk-seeking strategy (defensive or reactive) for noncritical stakeholders and a risk-averse strategy (proactive or accommodative) for critical stakeholders. In a gain context, firms will go for risk-averse strategies with respect to any stakeholder. In other words, the stakeholders perceived as critical will be addressed proactively or at least accommodated. The stakeholders whom we analyse are critical, thus we expect that they are managed in this sense.

Gray, Owen, and Adams (1996) distinguish two models based on stakeholder theory. In the accountability model (normative approach), the organisation-stakeholder interplay can be seen as a socially-grounded relationship and it proposes a moral responsibility and transparency in dealings with all stakeholders (as determined by society). In the organisation-centred model (instrumental approach), the stakeholders are identified by the organisation (not by society) to the extent to which it believes the interplay with each group needs to be managed in order to further corporate interests. The more important the stakeholder to the organisation, the greater the effort that will be placed on managing that relationship (Friedman and Miles 2006). According to Gray, Owen, and Adams (1996), the normative version has little descriptive or explanatory power in a corporate social reporting context, but in the case of the instrumental version, information is a major element that can be employed by the corporation to manage the stakeholders in order to gain their support. For these reasons and due to the changing conditions of the context linked to our longitudinal case, our analysis is mainly guided by the instrumental approach.

### ***Stakeholder Theory and Accounting***

Most of the accounting studies drawing on stakeholder theory have focused on CSR. Roberts (1992) and Magness (2006), in light of stakeholder theory, study whether strategic posture and economic performance are related to levels of CSR disclosure. Both find a relation with strategy but do not agree with respect to performance. Unlike Roberts (1992), Magness (2006) does not find evidence to suggest that disclosure content is moderated by financial performance. Margolis and Walsh (2001), reviewing 95 empirical studies that relate CSR and financial performance, report mixed results. Other studies analyse the relation between stakeholder management and shareholder value; for example, Hillman and Keim (2001) use data from S&P 500 firms to test the link between these concepts and social issue participation.

In a similar vein, Woodward, Edwards, and Birkin (1996) investigate how organisational legitimacy might drive CSR activities by linking the expectations of each stakeholder to organisational practices of accountability. Bouma and Kamp-Roelands (2000) explore stakeholders' expectations in relation to the environmental management system of a Dutch multinational company and consider the information requirements that arise from these expectations. O'Dwyer, Unerman, and Hession (2005), analysing the perspectives of Irish non-governmental organisations (NGOs) as stakeholders of corporations which undertake sustainability activities, show that the NGOs are suspicious of the underpinnings for sustainability reporting. Campbell (2004) also finds how the increasing memberships of environmental NGOs lead to an increase in environmental disclosure in the UK. Van der Laan, Adhikari, and Tondkar (2005) explain differences in social disclosure among countries, arguing that the manner in which a society defines the

role of a corporation and its stakeholders will affect the extent and quality of CSR disclosure in annual reports. Boesso and Kumar (2007) examine the drivers of corporate voluntary disclosure and find that, among other factors, the company emphasis on stakeholder management affects the volume and quality of voluntary information. Nielsen and Thomsen (2007) show that annual reports are very dissimilar not only with respect to topics but also to dimensions and discourses expressed in terms of perspectives, stakeholder priorities, contextual information and ambition levels.

Sweeney and Coughlan (2008), using annual reports in different industries, suggest that firms report on CSR in line with what their key stakeholders expect; that is, CSR reporting is another tool in the marketing communicator's toolbox. Agudo-Valiente, Garcés-Ayerbe, and Salvador-Figueras (2015) find that the importance of interacting and establishing channels of communication with stakeholders is important to identify their specific demands and expectations and to improve corporate social performance. In a more theoretical vein, social accounting (Gray et al. 1997) and sustainability reporting (Joseph 2012) also have been addressed under stakeholder theory.

In contrast to this overwhelming emphasis on CSR, Camara, Chamorro, and Moreno (2009) adopt a historical approach to examine the external information of a tobacco company (CAT/Tabacalera) and how it responded to its main stakeholders' demands through its annual reports over the course of a century (1887–1986). They find that the reports reflected the changing importance of CAT/Tabacalera's different categories of stakeholders and that financial reporting aligned with organisational responses to stakeholders' demands. Using a similar longitudinal perspective, Scott, McKinnon, and Harrison (2003) analyse the adoption of accrual or cash-basis methods as a consequence of the pressures of one stakeholder, the government, on two publicly-funded hospitals. They find that a stakeholder must have power to exert influence, but incentives also must exist to make that influence operational. In spite of this previous research, a considerable gap persists in our knowledge about whether corporate social behaviour is adequately reflected in corporate reporting (Unerman 2000). This study addresses this gap by analysing if relevant discussions that took place at the Board of Directors and the Shareholder General Meeting (internal information) were presented in the management report (external information).

## **Historical context**

First, this section briefly analyses the political, economic, and social context of Spain, and second, aspects pertaining to its brewery industry. It also summarises the history of El Alcázar.

During the twentieth century, Spain went through many changes in political regimes: monarchy, republic, dictatorship, and democracy. The period under study is shown in Table 1.

### ***[Table 1 near here]***

The Primo de Rivera government started in 1923, when General Primo de Rivera declared a state of emergency (Comellas 1990). In economic terms, the 1920s were a successful decade (Carreras and Tafunell 1994), but for political and economic reasons including the consequences of the Great Depression, Primo de Rivera resigned in 1930. Spain turned to the constitutional monarchy of King Alfonso XIII, replaced only one year later by the Second Republic. During the next five years, Spain was immersed in socio-economic problems, unemployment, union power, and political division between supporters and critics of the Republic. Governments of different ideologies ruled the country during short periods of time, bringing about reforms and counter-reforms that

provided a basis for General Franco's military coup in 1936. The Civil War lasted three years and ended with a deep division of the Spanish people, a weak economy, and destroyed infrastructure. Comellas (1990) points out that Spain lost in three years what it had gained in thirty.

The first years of the dictatorship were extremely difficult. Although Spain remained officially neutral during the Second World War, the country was destroyed and poor agricultural performance resulted in food shortages, rationing, and widespread black markets (Comellas 1990). The Civil War brought about the political isolation of the country (e.g., Spain was initially banned from joining the United Nations in 1946 and the Marshall Plan in 1947) and a soft economic embargo. Tamames Gómez (2005) states that severe restrictions, much harder than simple duties, virtually closed external markets to industrial products made in Spain. The state also controlled all matters related to products and even pricing in many internal markets. In 1950, the United Nations allowed Spain to become a member, a change that led to greater freedom of movement and some economic expansion. However, in 1957, Spain was denied entry to the EEC.

Real economic expansion did not begin until 1959, when Spain joined the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF). Important economic and social measures of Spain's Stabilisation Plan were also put into practice. According to Tamames Gómez (2005), at this time Spain moved away from autarky. Relations with foreign countries intensified, imports and foreign capital investment were liberalised, intervention in the economy ended, anti-inflation measures were taken, the peseta was set at parity to the US dollar (60 pesetas = \$1) in the IMF, and GATT Customs were partially consolidated. Expansion continued until the energy crises of the 1970s.

After Franco's death in 1975 and, mainly with the passing of the liberal Constitution of 1978, Spain became a fully fledged democracy. In economic terms, normalisation was achieved through successive adjustment plans, such as the Moncloa Pacts of 1977. In 1986 Spain joined the EEC, after long negotiations that had begun in 1977. EEC membership gave rise to increasing liberalisation and competition in a context of security and confidence, which stimulated domestic and foreign investment (Badosa Pagés 2005). From an economic point of view, membership also led to extensive legislative reforms, including acts regarding VAT, audit, the stock exchange, and companies.

These historical events had parallels with the development of the Spanish brewery industry. At the beginning of the twentieth century, the manufacture and consumption of beer in Spain were highly concentrated around major urban areas. Beer was not very popular and was classified as a seasonal drink (Trujillo García 1989).

In the years after the Civil War, the lack of raw materials produced stagnation in the brewery sector, whose problems did not begin to be resolved until the 1950s. By then, quotas for raw materials and beer prices were controlled by the state (Moreno 2013). After the opening of the Spanish economy, the 1960s saw great development in the brewery industry. The production of beer multiplied by four; while in Europe as a whole it increased by only one third. The main reasons for this boost were the transformation of a rural geography into an urban one, the relatively cheap price of beer, and the growth in and a more even distribution of income per capita (Trujillo García 1989). The resulting influx of foreign capital contributed to later overcapacity in the brewery sector.

The effects of the political and economic liberalisation that followed Franco's death in 1975 were not visible in the sector until 1980, when beer prices finally ceased to be set by the government. The government-controlled pricing system, together with the international inflation crisis, had been very harmful to the beer companies in the previous

years (MBD, 24 March 1976). After Spain joined the EEC, multinationals entered the market, and the number of Spanish brewers fell significantly (García Ruiz and Laguna Roldán 1999; Trujillo García 1987).

Our research focus, El Alcázar, a public limited company, was founded in 1928. Applying institutional theory and a longitudinal thematic content analysis to the documentary sources of this company, Moreno and Cámara (2014) examine how the content of the company's documents adapted to the different institutional pressures experienced by the company over different contextual stages. The company was located in Jaén (Andalucía), one of the least developed regions in Spain, with an economy characterised by the exploitation of mineral resources and the expansion of monoculture of olive trees (Hernández Armenteros 1999). During the Spanish Civil War (1936–1939), the factory was placed under worker administration (following typical Republican practice).<sup>1</sup> The 1940s were marked by widespread shortages of raw materials as a result of the policies of the autocratic regime. In the 1960s, as beer consumption increased exponentially in Spain, the factory was moved to the outskirts of the city and two major 'outsider' shareholders entered the company. Previously, the company's share capital had been contributed basically by four family groups. This ownership concentration is evidenced in Table 2. In the 1970s, high inflation caused by the international situation, together with the price system operated by the government, led to the first years of losses. In 1985, shareholders sold the company to Cruzcampo, a larger brewery, in anticipation of Spain's entry into the EEC. Finally, after Cruzcampo was acquired by Guinness in 1991, El Alcázar legally disappeared in 1993.

*[Table 2 near here]*

## **Research methods**

Unerman (2000) argues that an exclusive focus on annual reports probably results in an incomplete picture of reporting practices. Along with the MRs, we have examined the minutes of the Board of Directors (MBD) and the minutes of the Shareholder General Meeting (MSGM) as documentary sources. These documents are located in the archives of El Alcázar, SA<sup>2</sup> (today Heineken España, SA). These records meet the requirement of quality (authenticity, credibility, representativeness and meaning) as argued by previous researchers (Scott 1990; Quinn and Jackson 2014). In addition, to complete the series of older MRs, we searched the Provincial Historical Archive of Jaén. The documents cover the entire life of the company, 1928–1993, 66 years. Historical records provide a longitudinal dimension that can give more depth and meaning to data collected by other means and from other sources (Cobbin et al. 2013).

The MR or *Memoria* contains qualitative information about the main events experienced by the company and actions undertaken by the firm.<sup>3</sup> This document is enclosed in the annual report. We consider the annual report, including the MR, as external information. According to the Articles of Association, annual reports, including the MR, were to be compiled by company management, provisionally approved by the Board of Directors, and formally approved by the Shareholder General Meeting. In Spanish law, there are no references to the MR until the Companies Act of 1951, which includes the duty to draw up an explanatory report, although it does not specify any minimum content. It was not until the 1989 reform of the Companies Act that the minimum content to be included in the MR was regulated. The MR was not initially required by law (although it was required by El Alcázar's own Articles of Association), its content was not standardised, and the company had a concentrated capital structure;

thus it is reasonable to consider that this document was addressed to stakeholders other than shareholders.

The MBD and MSGM reflect the main issues, events and agreements reached in their respective bodies. According to the law and the Articles of Association, the Shareholder General Meeting is in charge of forming social agreement, and the Board of Directors is the permanent body in charge of managing and representing the company.<sup>4</sup> After a meeting of either body, minutes must be written up, summarising the issues discussed and the decisions taken.<sup>5</sup> We consider both kinds of minutes as internal information. Both are compulsory under the Commercial Code of 1885 (*Código de Comercio de 1885*), although their content, like that of the MR, is not standardised and is subject to considerable discretion.

In this investigation, we focus on the reporting of matters of interest to three main stakeholder groups: workers, customers, and shareholders. Apart from the hypothesis based on the capital structure of the company and the non-standardised content of the document itself, the substantial evolution of the context supports our specific choice of workers and customers. In the case of the workers, the evolution from a situation with a high rate of illiteracy (25.9% in 1930) among common people in Spain and with unions banned during Franco's dictatorship to a situation with a much more modern and developed society (the rate of illiteracy decreased to 8.2% in 1980; Tena Artigas 1981) is extremely relevant. As for customers, significant changes are also expected because a direct relationship exists between the consumption of beer and income, with falling income elasticity when income reaches a threshold level (Fogarty 2010). Moreover, the consumption of beer was closely linked to the modernisation and urbanisation of society (Nukada 1972; Trujillo García 1989) and was also closely related to the development of the brewery sector, which went from a situation of underproduction to one of overproduction (Moreno 2013). We also include the shareholders in our analysis because they are the traditional focus of annual accounts. Other critical stakeholders could have been studied, for instance, the government, as it controlled quotas for raw materials and beer prices, especially in the early years of the Franco dictatorship. However, we have not included this stakeholder as in our view the company's behaviour could not affect government decisions directly, and moreover, the relationship with the government was maintained via the national brewery association. Thus, the MR report was not directed to the government. Additionally, the interventionist character of the actions of the government was mainly temporal. In contrast, Camara, Chamorro, and Moreno (2009) include the government in their longitudinal study given its focus on a company engaged in the management of the state-owned Spanish tobacco monopoly, which for centuries had been a main contributor to the finances of the Spanish state (Carmona, Ezzamel, and Gutiérrez 2002).

To identify the most important actions that the company carried out involving each of the stakeholders, we first analysed the two sets of minutes (MBD and MSGM) and listed main events affecting each group of stakeholders studied. Next, in order to test the validity of these lists, we interviewed representatives of each stakeholder group. This step allowed us to ask for clarification and confirm evidence by cross-validating data from multiple stakeholders (Gephart 2004; Laplume, Sonpar, and Litz 2008). For the workers, we met with a blue-collar worker and union representative who had worked on the production line from 1980 to 1993 (F. Uclés, personal communication, 10 September 2012). Given the heterogeneity among customers,<sup>6</sup> we interviewed two people: the marketing manager from 1984 to 1992, who was also plant manager from 1970 to 1984 (D. Moreno, personal communication, 12 September 2012),<sup>7</sup> and from 1956 onwards an important wholesaler of the company's products (J. Ruiz, personal communication, 13

August 2013).<sup>8</sup> Lastly, for the shareholders, we spoke with a shareholder and member of the Board from 1975 to 1985, who was also the general manager from 1963 to 1992 (A. Trujillo, personal communication, 12 July 2012).<sup>9</sup> The individual, face-to-face interviews were semi-structured, allowing ‘a certain degree of standardisation of interview questions, and a certain degree of openness of response by the interviewer’ (Wengraf 2001, 62).<sup>10</sup> In advance, we sent each interviewee a document explaining the purpose of the interview and listing the important actions and events affecting each group of stakeholders that we had initially identified.

## **Results**

We validated each list of important events through our interviews. In this next section, we present our analyses of the extent to which these previously identified events were reflected in the MR. In the following sub-sections, we describe the findings for each of the stakeholders: workers, customers, and shareholders (this comparison is presented schematically in Tables 3, 4, and 5).

### ***The Workers***

According to stakeholder theory and our research assumption, continuous actions affecting workers and information about these actions are expected. However, the previous expectation should be contextualised according to the evolution from a traditional shareholder approach to a stakeholder approach, thus we expect increasing information about workers over the period. The number of employees grew over the life of the company: 123 workers in 1958, 220 in 1966, 258 in 1978, 331 in 1983 (El Alcázar 1984; INE 1962, 1980). In 1981, the employment generated by El Alcázar, taking into account both direct and indirect employment, already accounted for 1.35% of employment in the industrial sector of the province (El Alcázar 1984). Employment peaked in 1990, with up to 497 direct employees, reportedly among the largest single-company workforces in the province (AEPJ 1993).<sup>11</sup> Consequently, this stakeholder group was crucial for the company, taking also into account the predominantly agricultural character of the region (Hernandez Armenteros 1999).

In 1930, El Alcázar granted workers medical and pharmaceutical benefits, and even in that time of political instability, the employees did not join the general strike announced in December 1930. After the Civil War, shortages of raw materials caused a stoppage in the activity of the company. However, under an agreement promoted by the brewery association in sympathy with the regime, wages increased by only 20% from what they had been at the beginning of the Civil War, a figure much lower than the percentage of inflation, in exchange for a commitment to keep the workers. Although this policy was promoted by the employers’ organisation, each company claimed to be making an individual sacrifice (Habbershaw 2009), as was the case at El Alcázar, where workers were assigned to repairs and brickwork. Beginning in 1960, the company applied collective agreements, as a result of the 1958 law governing them. In the 1960s, there were numerous social activities, such as subsidised trips, training, activities related to the company’s Support Fund for workers, and the creation of a housing co-operative for employees, with the purchase of 100 dwellings, to which the company gave a guarantee of 17 million pesetas. In 1973, the firm created a scholarship program for the children of workers and improved the functioning of its co-operative shop and the Support Fund. The enactment of the Spanish Constitution was a major step forward in improving labour relations, and in 1978, two union sections were constituted inside the company, the UGT

(General Workers Union) and the AIT (Independent Workers Association). After the restructuring plan driven by the purchase of Cruzcampo by Guinness in 1991, the company promoted an early retirement program for workers over 60; the staff stabilised at 437 workers (Moreno 2011).

Table 3 lists the main events and conditions affecting workers and shows whether each was mentioned in each of the three document series.

*[Table 3 near here]*

Thirteen important events have been identified from the minutes (MBD and MSGM) and verified by the interviews. Although some authors argue that financial disclosure is important in the context of collective bargaining (Brown 2000), in our case, the MR reflects only a small part of the events identified (38%). Overall, this finding runs counter to stakeholder theory and our research assumption. McInnes, Beattie, and Pierpoint (2007) and Rowbottom and Lymer (2009) find evidence that formal reports are read to some extent by employees, but those studies do not reflect whether the information in them is significant to employees, who could get more relevant information via internal channels.

Many important events related to workers are not reflected in the MRs. Particularly significant and representative of a substantial improvement in the working relationship are the following three items not reflected in the MR. First in 1930, El Alcázar granted benefits covering ‘medical and pharmacy expenses to employees’ (MBD, 12 February 1930).<sup>12</sup> Second in 1960, the company made ‘improvements of the Collective Agreement, despite the financial sacrifice for the company, but in order to demonstrate once again the company’s desire to improve workers conditions, we agree to distribute to every worker an extraordinary pay consisting of 15 days of salary [...], and the distribution of awards to workers according to the list submitted by the General Manager’ (MBD, 31 May 1960). Third in 1961, the Board of Directors approved ‘the project and budget for the building of changing rooms as well as lockers for workers’ (MBD, 4 April 1961). In general, events related to workers are hardly mentioned in the external reports until those of the late 1960s. This result is consistent with Camara, Chamorro, and Moreno’s (2009) finding that annual reports began to pay more attention to personnel from these years on, when the Spanish economy started booming and Spanish society started to modernise.

From the late 1960s, the change in social expectations brought a higher demand for information, and thus a higher accountability from the company, and consequently the MR reflects to a much greater extent the main events related to workers. Three of them are especially noteworthy. First, there was ‘[T]he creation and development of a housing Co-operative, with the objective of building five blocks of 20 flats each, i.e. a total of 100 dwellings, intended for acquisition by workers of the company [...] at a reasonable price, in monthly instalments over 20 years, so that payments can be compatible with their income’ (MR 1970). A second item concerned ‘the creation of a number of scholarships for the children of workers, and the performance, more dynamic, of the co-operative shop and the Support Fund’ (MR 1973). The worker interviewed considered these initiatives very important: ‘the scholarships are of great importance’; ‘socially the co-operative shop was very important [...] that was important to many people’; ‘a very important fact is the creation of the Support Fund [...] that is benefiting not only all active and retired workers, but also the widows of the workers’ (F. Uclés, personal communication, 10 September 2012). It is known that one of the ways to gain stakeholder support is with charitable contributions (Adams and Hardwick 1998; Brammer and Millington 2004; Godfrey 1995). Third, the company established ‘an early retirement program for all permanent employees who were older than 60 years, and it was accepted by 29 employees’ (MR, 1992).

Some authors argue that consumer-oriented industries will exhibit greater effort to demonstrate social responsibility because corporate image among mass market consumers is likely to influence sales (Cowen, Ferreri, and Parker 1987). In that case, the annual reports might reasonably be expected to tend towards good news (Campbell, Moore, and Shrivés 2006). In the case of El Alcázar, we find that its social responsibility activities were quite constant (as stated mainly in the MBD, Table 3), but it was not until the late 1960s that the MR often mentioned events related to workers.

From the timing of the events in Table 3 and as a result of their intensification from 1960, the company followed an accommodative strategy until 1960 and from that juncture it employed a proactive strategy with workers. Stakeholder theory associates both strategic choices with crucial stakeholders (Jawahar and McLaughlin 2001). This judgement was confirmed in the interviews: ‘economically and socially the workers of this company were treated better than workers of others’ (F. Uclés, personal communication, 10 September 2012). Thus strategy and disclosure were quite independent at least until the late 1960s, as two different stages are clearly identifiable respecting disclosure.

### *The Customers*

According to stakeholder theory, customers are a key group, so we also expect constant attention to and information about them. Similar to the previous stakeholder, the transition from the shareholder approach to the stakeholder approach also suggests increasing information over the years. The social problems of the Second Republic affected the company’s high rate of customer defaults. Later, with the beginning of the Franco dictatorship, not only were prices and uniform conditions for the sale of beer fixed in the entire country, but also the national market was divided into five regions: North, Central, East, South, and others/export (García Ruiz and Laguna Roldán 1999). Jaén, and therefore El Alcázar, was given a quota of 15,116 hectolitres, which accounted for 1.20% of the national market and 6.39% of the southern area (Moreno 2011). Already in the 1960s, as the beer industry grew, the company expanded its territory, opening warehouses in concentric circles, going from being a provincial brand to a regional one. This situation reversed in the second half of the 1970s, when the company, needing to reduce costs, closed many warehouses and appointed dealers to continue serving customers. Also in the 1960s, new quality-control techniques had been adopted. Greater appreciation of quality by the consumer led to the release of special beers in 1970, 1978, and 1984. In the late 1970s, El Alcázar began to sell other products such as soft drinks, juices, and mineral water, which were beginning to compete with beer (Trujillo García 1989). Due to the increase in domestic consumption, in 1971, the company deployed direct sales at the Jaén factory and in 1983, it began to can beer. In 1981 and 1982, the Ciudad Real factory encountered problems with the quality of beer produced as a result of poor water quality and lack of pasteurisation. In 1989, it started to organise visits to the new Jaén factory to enhance its brand image. In line with the new market trends, it launched a non-alcoholic beer in 1991.

Table 4 shows the main actions affecting customers and whether they were included in each of the three document series.

#### *[Table 4 near here]*

Fourteen important events have been identified from the internal information (MBD and MSGM) and verified by the interviews, of which the MRs cover 64%. Thus the MR’s attention to customers is more in line with the accountability perspective of stakeholder theory than is its attention to workers. It is significant that twelve out of the fourteen

events identified took place after 1960—a consequence of the 1960s boom in the Spanish brewery sector (García Ruiz and Laguna Roldán 1999; Trujillo García 1989). Accordingly, it was from the 1960s that a real commercial policy started and that customers were taken into careful consideration. Earlier, given the company's own history and that of the sector, there were hardly any significant events involving customers. The marketing manager explained, 'before the 1960s, the problem was distribution; if you had good distribution, then you had success'; 'advertising effort that from a certain moment is needed [...] starts in the 1970s' (D. Moreno, personal communication, 12 September 2012).

One of the especially relevant issues reflected in the MR is the adoption of 'a territorial expansion policy imposed by the need to obtain a higher sales volume, as we have a production capacity exceeding that of previous years due to the extension of our factory of La Imora' (MR 1965). 'Our trade agenda focuses on opening new places to sell our beer, following concentric circles' (MR 1966). In contrast, as is shown later in this section, the territorial retreat of the 1970s is not reflected in the disclosures.

Similarly in the 1970s, in line with a higher customer appreciation of quality products, the MR mentions the release of special beers (Premium and 50): 'the beer market is not an exception, and nowadays it requires an improvement in the intrinsic quality of the products and also in their presentation. El Alcázar has responded in 1970 [...], it is a certainty that in its intrinsic content, [Alcázar Premium] is among the top three in the national market and we feel justly proud' (MR 1970). However, the MR does not mention the release of the Christmas beer. The wholesaler interviewed confirmed the importance of this latter action: 'it meant a niche market that, although seasonal, has had a share of very loyal consumers since then, generating excitement in customers about when they will be able to get the product' (J. Ruiz, personal communication, 13 August 2013). That is, the disclosure concerning new products seems random as it is reflected in some MR but not others.

Regarding actions directly related to the decrease in consumption in the hospitality/catering sector and the consequent increase in other channels, the MR does note the implementation of direct sales at the Jaén factory: 'to bring beer into the homes of consumers has the huge advantage that they acquire a habit of consumption of a brand and therefore they request it later in public establishments. We must not forget, moreover, that according to estimates made by the sector committee that studied the third sector development plan, it is estimated that home consumption of beer is approximately 25% of total consumption, nationally' (MR 1971). However, the MR does not mention the release of canned beer, an action with a similar objective. Again, the disclosure behaviour seems random, in this case respecting new habits of consumption.

As Table 4 shows, the MR omits some facts affecting the company's commercial strategy. One of these, the division of the national market into five zones, was mentioned in the MSGM: 'the selling Zone System and conditions established by the Association of Beer' (MSGM, 24 October 1940). Similarly, the MBD, but not the MR, discuss 'the warehouses to close, including those of Huelva, Alcázar de San Juan, Albacete and Jerez de la Frontera [...] channelling the sales is now handled in such places through a dealer to be appointed' (MBD, 31 May 1978). The MR are silent about 'the various problems involved in the water supply of Ciudad Real, which have been a serious problem in sales, because deficiencies in water quality have created a psychosis in relation to beer, totally unjustified but real, which has resulted in a very important drop in sales' (MBD, 23 September 1981). The marketing manager confirmed the seriousness of this situation: 'There were all sorts of problems [...] all in one go we lost 20% of the market of Ciudad Real, terrible, terrible' (D. Moreno, personal communication, 12 September 2012). These

omissions reinforce previous research that argues companies usually focus on positive information, omitting bad performance and failed projects (Clatworthy and Jones 2003; Deegan and Gordon 1996; Leszczynska 2012).

Apart from the absence of bad news and the concentration of consumer-related events in and after the 1960s, it is difficult to find a systematic communication pattern in the MR, since there are several cases in which some facts are mentioned while others of a similar character are not, seemingly at random. The strategy toward customers can be defined in general as accommodative after the 1960s, as Jawahar and McLaughlin (2001) predict. Until the 1960s, a defined strategy is not identifiable. The brewery sector suffered from shortages of materials, especially in the post-war period, such that the company was unable for external reasons to attend to its customers adequately.

### *The Shareholders*

El Alcázar's initial share capital of two million pesetas was distributed among four groups of shareholders. In the 1960s, two major 'outsider' shareholders entered the company, Courage, Barclay and Simonds Ltd. and Corporación Industrial, SA (a Banco Urquijo company), with 14% and 10% capital shares, respectively. This entry was a consequence of the huge increase in beer consumption in Spain and the need to move the factory to the outskirts of the city. Around the late 1970s, contacts with other breweries began in the expectation of Spain's entry into the EEC, which ultimately resulted in shareholders selling the company to Cruzcampo in 1985. By the time El Alcázar legally disappeared in 1993, the share capital had reached 512 million pesetas (Moreno 2011). Due to the concentrated capital structure and the characteristics of the MR, we did not expect shareholders to be the main intended audience for this document.

Other important events and conditions related to shareholders can be summarised briefly. The factory was placed under administration during the Spanish Civil War (1936–1939), although production stopped completely only during the last year of the war. In the 1940s, the policies of the autocratic regime contributed to widespread shortages of raw materials. To partially alleviate this situation, the company installed its own maltery in 1949. In the 1970s, for the first time, the company suffered losses, because of high inflation and the price system operated by the government. Table 5 shows all these events and conditions affecting shareholders and whether they were mentioned in each of the three sets of documents.

#### *[Table 5 near here]*

Fifteen important events have been identified from the minutes (MBD and MSGM) and verified by the interviews, of which the MRs cover 87%. This finding runs counter to our research assumption that companies with concentrated ownership structures would communicate with shareholders through private channels (Burgstahler, Hail, and Leuz 2006) and that non-financial disclosures are therefore more oriented toward a broader group of stakeholders (Meek, Roberts, and Gray 1995). However, there are two events in Table 5 that are not reflected in the MRs, the 1959 capital increase and the study of a possible initial public offering (1980–1984). The first case is an apparently random exception: other important increases are covered in the MR. In the second case, although extensive documentation about the projected IPO appears in both sets of minutes, and there was even an extraordinary shareholder general meeting with this initiative as the only point on the agenda, the shareholder whom we interviewed downplayed the event: 'It occurred to someone. That was not serious. Maybe the representative of the English Barclay suggested it' (A. Trujillo, personal communication, 12 July 2012).

Apart from these two exceptions, the MR reflects every event important to shareholders—in line with traditional research that has focused on shareholders as the most interested audience of the annual report (Springer 1999). However, for almost all of these events, the information contained in both the MBD and the MSGM is more detailed and often appears earlier than that collected in the MR. Compare, for example, the MR descriptions with the MBD and MSGM descriptions of two events: the movement of the factory to the outskirts of Jaén and the acquisition of the company by Cruzcampo.

Concerning the move to the outskirts of the city, the following passage appears in the MR: ‘An event of transcendent importance was the official opening of the new factory in La Imora, which after immeasurable work, difficulties and sacrifices, today is already a reality with a promising future’ (MR 1961). The shareholder/general manager confirmed the importance of this decision: ‘If the company had not gone out there, it would have had to close the factory’ (A. Trujillo, personal communication, 12 July 2012). Respecting the new factory, both the MSGM and the MBD give technical details:

- ‘progress in the new factory, already working in its first two phases [...] Next, he [the chairman] shows the attendees an economic summary of the investments made in the new factory and also explains the amount of the pending investments, as well as the third phase, in relation to the boiling system [...]’ (MSGM, 31 May 1960)
- ‘given the urgency for starting the building work on the boiling system located in the new factory of La Imora, once the budgets are known [...]’ (MBD, 15 September 1960)
- ‘in order to learn about the various offers received respecting the steam boilers [...]’ (MBD, 6 December 1960)
- ‘in view of the need to ready the malt storage silos [...]’ (MBD, 12 January 1961)

The integration of the company into larger groups seems to have been unavoidable in a global and more competitive market. Negotiations in that direction began in the years before Spain’s entry into the EEC and bore fruit in 1985. The MR reports:

In this line during 1984 we have undertaken a series of negotiations, which at the time of completing this report, have determined the integration of the company within the group LA CRUZ DEL CAMPO, S.A., through the acquisition by this company of all the shares of S.A. EL ALCÁZAR. The operation, which we understand to be institutionally very beneficial for our company, will give us the technical and financial support of a large group to deal with a sectorial problem that would have been much more worrying in our previous position. (MR 1984)

The MBD show the progress of negotiations over time:

- ‘outline of ideas to make contact with Cruzcampo S.A., for future negotiations to get a technical, commercial and financial agreement’ (MBD, 17 March 1983)
- ‘a careful study about the future possibilities of the company in the future Spanish beer market and particularly the efforts made with the other brewery, pointing out the specifics of the negotiations and the positions reached heretofore’ (MBD, 19 September 1984)
- ‘The Board further discussed in detail the process of conversations with the other brewery, pointing out the steps to follow, and gave its approval to the filling in of a questionnaire requested by the brewery group mentioned [...] and that will be the basis for the continuation of the contacts previously referred to’ (MBD, 27 November 1984)

- ‘[...] offer to acquire all shares of El Alcázar so it seems appropriate to make the respective binding queries, and is so agreed by the Board in consultation with the shareholder groups [...]’ (MBD, 24 January 1985)

In accord with stakeholder theory, our results show that the strategy followed with shareholders was proactive (Jawahar and McLaughlin 2001). However, for almost all the events shown in Table 5, the information contained in both the MBD and the MSGM is more detailed and often appears earlier than that collected in the MR. Consequently, the shareholders already knew in greater detail the events covered in the MR—a fact corroborated by the general manager (A. Trujillo, personal communication, 12 July 2012). Hence, we could initially assume that the shareholders were not the main addressees of the MR. However, we have found an opposite behaviour: the events most relevant to shareholders are those most covered by the disclosures.

## Discussion and Conclusion

Why does the MR duplicate information that shareholders already have, rather than cover topics of interest to other stakeholders? Johansen (2010) notes that accounting developments often exhibit unstated assumptions about the materiality and use of accounting information, with few attempts to obtain feedback from intended users. We find that the MR’s symbolic use to signal priorities trumps its potential practical use to communicate necessary information.

In contrast to what stakeholder theory would predict, we find that the MR reflects only a little over a third of the events that we identified as important for the workers. Although formal accounting reports are perceived as the most authoritative method for holding individuals accountable (Baños Sánchez-Matamoros et al. 2005; Carmona, Ezzamel, and Gutiérrez 2002), Johansen (2010) argues that workers do not perceive employee-related information in formal reports as material, and that they can get more significant information through institutional arrangements in the workplace. However, in our study, the MR increasingly includes information about workers, especially those published from the late 1960s (Table 3), in a new national context characterised by political and social openness and reduced intervention in the economy (Table 1). These results can be interpreted as proof of the transition from the shareholder orientation to a wider stakeholder orientation. The company deployed actions directed to the workers throughout the life of the company, for instance, we find that the firm’s social responsibility activities were constant, even during the Franco dictatorship perhaps to align with the paternalistic nature of the political regime with respect to workers (Moreno and Cámara 2014). This constancy was likely caused by the unique nature of this large group of workers in an agricultural setting, due to the qualification required by an industrial activity, leading to a long-term relationship with most members of this stakeholder group. However, these actions were intensified from the early 1960s (Table 3) coinciding with increased social openness; prior to 1960 the strategy was accommodative and from that point onwards it was proactive. Both are considered risk-averse strategies (Jawahar and McLaughlin 2001). This division was much more significant in the case of disclosure, where two different stages are clearly identifiable. Our finding that strategy and disclosure at El Alcázar were quite independent, at least until the late 1960s, contrasts partially with the work of Roberts (1992) and Magness (2006), which find a correlation between active strategic posture and social disclosure.

In relation to customers, the MRs cover many of the important events we identified (64%). It is difficult to find a systematic pattern of communication in the MR, although the company did omit bad performance regarding customers from the MR

(Clatworthy and Jones 2003). In Wilmshurst and Frost's (2000) ranking of factors motivating information disclosure in reports, customer concerns occupied the sixth position,<sup>13</sup> an intermediate importance that is consistent with our findings. The underproduction throughout the brewery sector during Spain's autarkic period, together with the fact that El Alcázar did not carry out a truly commercial policy until the 1960s, suggests that the social context had a greater relation with the company's commercial policy than to its disclosure practice. The strategy followed toward customers was accommodative beginning in the 1960s when there was greater consideration of their interests, in accordance with the development of the stakeholder orientation.

Regarding the shareholders, the MRs cover most of the key events (87%). The strategy followed with them is proactive. It is well known that shareholders are the traditional audience of corporate reporting. According to Campbell, Moore, and Shrivies (2006), disclosure is driven by the perceived need to appear to be aligned with the expectations of those stakeholders to whose concerns the company is most sensitive. This proposition is consistent with the work of Jensen (1989), which states that shareholders should be considered as the most important constituency of the company as they are the only one with a long-term interest in its survival, and with Wilmshurst and Frost's (2000) finding that 'shareholder/investor rights to information' is the most significant influence on the decision to disclose environmental information. This result is also supportive of mainstream research that focuses on the shareholder as the primary user of the corporate annual report (Ullmann 1985).

Our results are consistent with the development of the stakeholder approach, as evidenced by the increasing attention given to workers and customers. The fact that the shareholders are the main implied audience of this document can be understood as resulting from tradition, and from inertia in the preparation of accounting information. Parmar et al. (2010) argue that it may be difficult to change past behaviour in the accounting profession because of the difficulty of measuring phenomena that are important to other stakeholders and that even in the United States and United Kingdom in the 1970s, financial statements were still focused on shareholders. However, in our study, from the 1960s, as social expectations started to change as a consequence of social and economic modernisation and as more highly qualified managers were incorporated into the company, actions related to other stakeholders began to be disclosed more regularly, and the company began to be accountable to broader stakeholder groups (Hines 1991).

As one methodological limitation, we recognise that the interviewees had not witnessed the entire life of the company and therefore, could validate the importance of particular events only for the years in which they had relations with the firm. It was for this reason that we provided them an *a priori* list of events that we considered most important. In our view, after careful examination of the documentary sources, our understanding might have been more comprehensive than their own.

El Alcázar's strategy respecting the three stakeholders accords with Jawahar and McLaughlin's (2001) statement that for critical stakeholders the company will adopt a risk-averse strategy. These findings are consistent with the results of Camara, Chamorro, and Moreno (2009) with respect to the strategies followed with the different stakeholders which they analysed. In a setting similar to ours, they also find that changing contextual conditions affect the content of annual reports. By longitudinally examining the entire life of internal and external information of a company, this study contributes to the history of accounting disclosure by revealing the transition from the traditional shareholder focus to a stakeholder focus. More research would be fruitful to examine if a similar pattern existed in other contexts and organisations.

## Notes

1. For more information about the impact of war periods on accounting, see the special issue on *Accounting and the First World War* in *Accounting History Review* (Funnell and Walker, 2014).
2. In order to gain access to the archives of El Alcázar, we signed an agreement to examine these records over an extended period.
3. In the case of the MR, the number of paragraphs ranges from 5 (1939) to 38 (1966), with an average of 10.6 paragraphs per year. The readability of this series has been analysed by Moreno and Casasola (2016).
4. Board members were appointed by the Shareholder General Meeting. Its chairman was the chairman of the company. The members received no remuneration until 1940.
5. The MBD average 7.6 documents per year, ranging from 2 (1992) to 12 (1961 and 1962), with an average length of 8.0 paragraphs per document. The MBD book that should contain the minutes from 15 April 1944 to 3 May 1960 is lost, according to a statement in a 1993 internal document of the company. Consequently, we have not been able to query the MBD of that period. The MSGM average 1.5 documents per year, depending on whether there were any extraordinary meetings. The average length is 14.1 paragraphs per document.
6. This group includes the final consumers and the intermediaries, the latter including bars and wholesalers.
7. Moreover, from 1992 to 1998 this individual was the image manager of Grupo Cruzcampo.
8. This interviewee is the son of the founder of the family company (Juan Ruiz Yáñez) and current manager of the successor company (Dibecazorla, SL).
9. Moreover, from 1982 to 1994 this interviewee was the chairman of the National Brewery Association.
10. Interviews were conducted in a room at the Universidad de Jaén, except for the shareholder/general manager, who was interviewed at his residence. The interviews lasted between 75 and 90 minutes each and were recorded.
11. Due to the aggregated presentation of data, it is not possible to determine the company's exact ranking, but it was between third and eighth.
12. All quotations from the MR, MBD, and MSGM, and also from the interviews are translated from Spanish by the authors.
13. The ranking did not include a factor related to workers/employees.

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## Tables

Table 1. Chronology of Spanish politics during the period under study (1928–1993).

Dictatorship of Primo de Rivera	1923–31	- Founding of the big Spanish monopolies (communications, petrol) - Significant development of the economy and the infrastructure
Second Republic	1931–36	- Difficult socioeconomic situation - Political divisions increase
Civil War	1936–39	- The country is divided and devastated
Dictatorship-Autarky	1939–59	- Country in ruins: scarcity, black market - World War Two - Spain is isolated
Dictatorship-Opening	1959–75	- In 1959, Spain joins the OECD and the IMF - Stabilisation Plan 1959 - The economy expands in the 1960s - Energy crisis in the 1970s
Democratic transition	1975–86	- Program of legislative reform - Plans for stabilising the economy
Joining the EEC	1986–	- Spain joins the EEC (1986)

Table 2. Composition of share capital and Board of Directors among the groups of shareholders.

Group of shareholders	1940		1967		1986	
	Share capital (%)	Board members	Share capital (%)	Board members	Share capital (%)	Board members
Picardo Celis	18	1	11	1	-	-
Mateos Díaz	37	1	29	1	-	-
Gordon Picardo	15	1	17	1	-	-
García Riquelme	18	1	15	1	-	-
Courage, Barclay & Simonds Ltd.	-	-	13	1	-	-
Corporación Industrial, SA	-	-	15	1	-	-
La Cruz del Campo, SA	-	-	-	-	100	11
Others	12	-	-	-	-	-
Total	100	4	100	6	100	11

Source: based on book of shareholders and MBD and MSGM

Table 3. Main events and conditions affecting the workers.

Year	Events	Internal information		EI*
		MBD	MSGM	MR
1930	Health aid to workers (medical and pharmacy costs)	X		
1930	General strike that workers did not join	X		
1940s	The company keeps workers in spite of production stoppage	X	X	X
1960	The company begins to implement collective agreements	X		
1960s	Training courses	X		
1960,1961	Awards to workers	X		
1961	Building of changing rooms and lockers	X		
1961,1962	Social activities: 1961 trip to Granada, Málaga and Nerja and in 1962 activities related to the Support Fund	X		
1967	Creation of a housing cooperative	X	X	X
1973	The company creates a scholarship program for children of workers		X	X
1973	The performance of the cooperative shop and the Support Fund is improved	X	X	X
1978	Two union sections are constituted	X		
1992	Early retirement program for workers older than 60	X		X

\* External information: disclosure

Table 4. Main events and conditions affecting the customers.

Year	Events	Internal information		EI*
		MBD	MSGM	MR
1932–1935	High rate of defaulters in context of social problems	X		X
1940	National beer market is divided into five regions	X	X	
1962–1972	Territorial expansion policy	X		X
1966	New techniques of quality control	X		X
1970	Release of Alcázar Premium	X		X
1971	Implementation of direct sales in Jaén	X		X
1974–1980	Territorial retreat policy	X	X	
1978	Release of Alcázar 50	X	X	X
1979	The company starts to diversify its output	X	X	X
1981–1982	Problems with the quality of beer produced in Ciudad Real	X		
1983	Release of canned beer	X	X	
1984	Release of Alcázar Christmas beer	X		
1989–1990	Organised visits to the new Jaén factory	X		X
1991	Release of non-alcoholic beer	X		X

\* External information: disclosure

Table 5. Main events and conditions affecting the shareholders.

Year	Events	Internal information		EI*
		MBD	MSGM	MR
1936–1939	The company is placed in administration during the Civil War	X	X	X
1949	The in-house maltery starts to work		X	X
1956	Share capital increases from 3.5 to 10 million pesetas		X	X
1959	Share capital increases from 10 to 20 million pesetas		X	
1961	The factory moves to the outskirts of the city	X	X	X
1962–1967	Successive increases in share capital up to 100 million pesetas	X	X	X
1964,1966	“Outsider” shareholders enter the company	X	X	X
1970	Cervecera Manchega merges with El Alcázar	X	X	X
1971	Share capital increases from 100 to 150 million pesetas	X	X	X
1975–1977	Losses	X	X	X
1980–1984	The company studies the possibility of going public	X	X	
1985	Cruzcampo takes over El Alcázar	X	X	X
1987	Share capital increases from 256 to 512 million pesetas and Cruzcampo gives a loan of 500 million pesetas	X	X	X
1991	Guinness takes over Cruzcampo	X	X	X
1993	All Cruzcampo’s subsidiaries are merged into Grupo Cruzcampo	X	X	X

\* External information: disclosure

Note: The greyed-out cells under MBD indicate years for which the MBD are lost (note 4).