Chapter 7
Macroeconomic Analysis of the Annual Report of the Company:
An Accountability Discussion

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ABSTRACT

The present research examines the problematic of macroeconomic analysis contained in corporate annual reports. The need to propose a robust macroeconomic analysis that must be included in a company's annual report is justified as essential to understand the company's framework in the current situation and for corporate social responsibility reasons. In methodological terms, on the one hand, the theoretical analysis will be developed on accountability, in general, and macroeconomic analysis, in particular. On the other hand, the empirical analysis will be promoted through a qualitative content analysis of the annual reports of the companies issuing

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Euronext Lisbon and which are supervised by the Securities Market Commission. The result of the research allows a proposal of macroeconomic analysis with details of a battery of essential indicators to perceive the dynamics of the macroeconomic context and that should be included in the annual reports of that population of the Stock Market Company.

1. INTRODUCTION

The disclosure of a company's annual report on the stock market, as Stanga (1976: p.42) argues, is an "extremely important source of corporate information". These sources require a framework for the evolution of the economy to anticipate operational, investment, and financing decisions. Thus, there is a need to propose a robust macroeconomic analysis that must be included in the company's annual report because it is essential to understand the company's background in the current economic situation (Carlsson-Szlezak et al., 2021) as well as in the field of sustainability (Olokoyo et al., 2020).

Undeniably, this chapter examines the problem of macroeconomic analysis in annual reports within the framework of accountability (Power, 2018) and recognizes the signs of change (Keohane, 2008) and abuses of power (Grant & Keohane, 2005). Thus, macroeconomic indicators are relevant, not only from a static perspective, but also to explain evolution of the international and national economy, not forgetting the economy sector trends resulting from one or more specific phenomena that affect the sector in which the company operates (Salehi et al., 2021). There is little evidence of this argument having been examined, which is why this study takes a more aggressive approach to crises, wars, and market defaults (Crawley, 2015). Each day these problems are more common because the market competition is increasing (Wasserfallen, 1989). Indeed, corporate executives instinctively turn to their legal teams to draw up a defense when crimes happen (Federman, 2021).

Several transgressions affect principles of the social responsibility, for example, "fires, explosions, or toxic leakage that cause physical and economic harm both inside and outside the firm" (Langevoort, 2018: p.968), but it is hard to find evidence on the annual report of these situations. Following the corporate sustainability reporting (EPEC, 2022), the demand of investors to improve the expertise in these situations to promote undertakings and growing investor awareness of the financial implications.

Other transgression is the inflation rate, or the harmonized consumer price index published in macroeconomic reports made by the Governments and Central Banks, but in the annual report of companies anything is objectively treated (Taylor, 2004). Indeed, this question has been object of study in the International Accounting

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