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## **An Investigation into the Extent of Corporate Social Responsibility Reporting; Survey of Companies Listed in Nairobi Securities Exchange in Kenya**

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### **Abstract:**

*Accountability and transparency has been considered key components in achieving the economic goals of the vision 2030. Research findings have revealed that many companies have failed due to poor management of the resources prompting the stakeholders to be concerned about how the management utilizes the resources at their disposal. This has led to the increased demand for information about how the managers are utilizing shareholder resources and whether the diverse stakeholders' interests are being safeguarded. As a result of this companies have adopted the practice of disclosing information on corporate social responsibility activities. This concept has gained prominence in many developed companies, but in developing countries like Kenya the practice is done on the voluntary basis. Hence the purpose of this study was aimed at exploring the extent to which listed companies in Kenya have adopted the practice of CSR reporting. Being guided by Legitimacy theory, stakeholder theory, and institutional theory, the study employed descriptive research design to identify the extent of CSR disclosures among the 37 sampled companies which were selected randomly from the population of the 60 companies listed in Nairobi securities exchange in Kenya. Document analysis was used to collect primary data from the companies' annual reports, while secondary data was collected from online journals and books. The results of the study revealed that CSR reporting in Kenya has improved but still much needs to be done to encourage the practice. Further analysis revealed that there is no significant difference in CSR reporting between the service sector and the manufacturing sector. With regard to disclosure by industry categories, the automobiles, insurance and banking had the highest level of CSR disclosures while telecommunication and investment industries had the lowest with significant dispersion among the industry categories. Based on the disclosure themes the results reveal that the companies report more information only on corporate governance because it is mandatory and on community involvement as an indicator of a shallow definition of sustainability reporting. The product/service safety as well as the employee welfare was the least reported. Based on these findings, this study recommends that CSR reporting be made mandatory and the accounting regulators provide guidelines and training on the quality, quantity and content of CSR reports so as to encourage and at the same support the implementation of CSR reporting practices in the country.*

**Keywords:** *Corporate Social responsibility reporting, sustainability reporting, non-financial reporting, legitimacy*

## **1. Introduction**

### **1.1. Background**

Accountability and transparency has been considered key components in achieving the economic goals of the Kenya's Vision 2030. To achieve these goals, firms are expected to be more transparent and accountable on how they utilize stakeholder's resources at their disposal. One of the strategies of encouraging transparency and accountability as stated in the Republic of Kenya (2012) sessional paper no. 10 is to encourage public access to information and data so as to ensure transparent, accountable, ethical and result oriented public institutions. The preparation of financial report has been considered as a key practice among business organizations because these reports are used to communicate both financial and non-financial information to the intended users which acts as a basis for decision making. Transparency and disclosure of information is crucial in companies listed in Nairobi Securities Exchange because it is considered as a means through which stakeholders are able to interact with the company. It is a legal requirement that all companies listed in Nairobi Securities Exchange prepare annual reports which show a true and fair view of company affairs. The legal required state of reporting is basically concerned with reporting the economic effect of the company transactions which provides a

limited view of the performance information as an all-round report which covers not only the economic view but also the social, legal environmental aspects of the business would be more reliable and transparent. In addition to preparing annual reports companies voluntarily disclose more information than what is needed, this trend has been prompted by the diverse stakeholders who are demanding for more information, transparency and accountability from companies due to massive company failures experienced in the 21<sup>st</sup> century (Baroko, Hancock and Izan, 2006).

Corporate social responsibility (CSR) reporting remains to be part of the information which is provided on a voluntary basis in many countries. There is no clear definition of corporate social responsibility reporting. Several terminologies have been used to refer to reporting on an organizations' impact on society and the environment within which they operate. It has been referred to as Corporate social responsibility reporting, social accounting and accountability, sustainability reporting or sustainability performance measurement (Kalunda, 2012). According to Reverte (2009), corporate social responsibility is defined as the process of integrating social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis. A more recent definition was provided by KPMG (2011) that corporate social responsibility refers to a company's voluntary contribution to sustainable development which goes beyond the legal requirement. Owen and Adams (1996) defined CSR reporting as the process of communicating the social and environmental effects of an organization's economic actions to particular interest groups within society and to society at large. It is also referred to as Sustainability Reporting which is the practice of disclosing to the stakeholders the economic, social and environmental initiatives taken by a company, as an indication of its commitment to sustainable development (KPMG, 2011).

Many attempts have been made in literature to understand, explain and justify corporate social responsibility disclosure. Owen (2005) indicated that identifying the motivation for companies' disclosure of social information is an important research tradition in the corporate social reporting literature. There is a growing consensus among investors that the production of the corporate responsibility report is considered as a minimum requirement for companies seeking to demonstrate good corporate citizenship (Rory, 2011), provision of such reports are considered as evidence that managers are taking social and environmental issues as priority. Investors are becoming increasingly aware of the potential financial significance of social and environmental issues and the potential to generate investment insights hence they are demanding more of the non-financial reporting (Rory, 2011). Proponents of CSR initiatives justify the expenditures by arguing that they have a positive impact on long term profitability of the organizations. By disclosing social and environmental information enterprises are able to identify and manage issues that influence their business success. Disclosure on non-financial parameters offers a holistic view of the company's performance. This practice is being recognized as a good corporate practice that enhances the reputation of the organization as well as improving the financial performance and increases the competitive advantage of the organization in the long run. Weak reporting can contribute to unethical behavior in a company; it deters the growth of the company through loss of integrity, increase cost of capital as well as lead to poor resource allocation.

Reporting on CSR activities is more advanced in the developed countries as compared to developing countries. According to KPMG (2011) survey, 95% of the G250 surveyed companies had adopted CSR reporting practice by the end of 2011. Jo and Kim (2008) also identified that 50% of the Fortune 1000 companies regularly issued CSR reports. In these developed nations, there are laid down policies and guidelines on CSR reporting, which help the reporters avoid ambiguity associated with voluntary reporting. European Commission provided a directive on non-financial reporting (COM, 2011) whose objective was to increase EU Companies transparency and performance on environmental and social matters. This directive included guidelines on how to disclose environmental and social matters, hence making such reporting mandatory for all public companies.

In many developing economies the adoption of CSR activities has increased as a way of alleviating poverty among the less fortunate in the society. Based on this many organizations are spending considerable amounts in financing such CSR activities. Contrary to expectations corporate social responsibility disclosure in emerging economies is yet to get prominence since in most developing countries disclosure is still on voluntary basis. Most companies are mostly focused on reporting about the financial performance of the businesses. The COM (2011) report emphasized that the current global economic crisis arose from fundamental errors with respect to transparency and accountability. Most emerging countries have started showing interest in CSR reporting with majority of them from the Indian and Chinese countries although a considerable part of literature has been undertaken in the emerging economies context during the first decade of this century, emerging economies still require special attention (KPMG, 2011) and an important future research is still urgently needed.

In Kenya the practice of corporate social responsibility reporting is a new concept with very low levels of CSR disclosure (mean of 15%) reported by Baroko, Dulacha and Brown (2008). Corporate Social and Environment reporting is voluntary in Kenya. The Centre for Corporate Governance Kenya (CCGK) is the main driving force with respect to corporate governance reforms in the country. The Centre was established in 1999, and also serves as a Secretariat to the Pan African Consultative Forum on Corporate Governance. In 2005 CCGK issued guidelines on corporate financial reporting and disclosure which were to be adopted by companies on voluntary basis. The capital market steering committee on corporate governance (2014) has developed a blue print on corporate governance which provides new guidelines on reporting on non-financial aspects of companies with most of them on voluntary basis. The issues of disclosing CSR information however has not been given much weight. Prior research findings have showed that Kenyan companies have very low levels of CSR reporting (Kalunda, 2012) and that such reporting received modest attention and lacked the completeness necessary to make them reliable (Okoth and Ponnu, 2009).

Prior studies in the issue of CSR reporting focuses on developed countries (Bouten, Everaert and Roberts, 2012; Reverte, 2009; Parsa and Kouhy, 2008; Branco and Rodrigues, 2008; Ghazali, 2007; Anwar, 2005). Most of the studies which have been done in Kenya focused on CSR practices (Gilbert, 2008; Muthuri and Gilbert, 2010; Wafula, 2012). A few studies examined CSR Reporting in

Kenya; Kalunda (2012) explored the extent, form and mode of CSR reporting in Kenya, Okoth and Ponnu (2009) focused on the themes of CSR reporting while Baraka and Brown (2008) investigated the effect of gender representation on board of directors as a determinant of CSR disclosure. A complete and current analysis on the extent of CSR reporting is necessary as a pre-requisite to a complete study on the determinants of CSR reporting in Kenya.

### *1.2. Statement of the Research Problem*

Accountability and transparency has been considered key components in achieving the economic goals of the Kenya's Vision 2030. To achieve these economic goals, companies are expected to be more transparent and accountable on how they utilize stakeholder's resources at their disposal. Due to the massive company failures experienced in the 20<sup>th</sup> century stakeholders are becoming more proactive in demanding for more comprehensive information from the managers about the performance of their organizations. Preparation of financial reports has been the used as a tool for communicating, monitoring and evaluating the management's accountability and transparency. These financial reports focus mainly on reporting the economic aspect of performance which makes them limited because the social and environmental aspects are left out hence the need for more comprehensive reports which focus on all areas of performance.

In Kenya the provision of non-financial reports is done on voluntary basis among this includes information on corporate social responsibilities. Full disclosure of information allows stakeholders to understand companies' activities, policies, performance as well as providing a competitive edge. On the other hand insufficient or unclear information may encourage unethical behavior such as fraud, loss of company resources as well as increased cost of capital. In many organizations a considerable amount of resources are being used in funding corporate social responsibility activities. According to Ufadhili trust (2010) 12% of Kenya's companies spent between Ksh20M and Ksh150M on CSR activities in one year, but the level of disclosure on CSR activities is very low compared to most developed countries ( Kalunda, 2012). Due to these massive investments in CSR activities, stakeholders are demanding to be provided with clear, complete and up to date information about the resources used in CSR activities to be able to evaluate the returns on such investments. In most developed countries the preparation and presentation of CSR reports have become a common practice. According to KPMG (2011) survey on G250 companies 71% of European countries reported on CSR activities with American companies at 69%. A number of important markets in developing and emerging economies still show low levels of CSR reporting with only 20% of Indian companies adopting the practice 37% in Taiwan. Though Kenya was not included in the survey the research by Baroko, Duracha and Brown (2008) indicated a very low level (15%) of CSR reporting in the banking sector in Kenya. Most of the studies which have been done in Kenya focused on CSR practices (Gilbert, 2008; Muthuri and Gilbert, 2010; Wafula, 2012). A few studies examined CSR Reporting in Kenya; Kalunda (2012) explored the extent, form and mode of CSR reporting in Kenya, Okoth and Ponnu (2009) focused on the themes of CSR reporting while Baraka and Brown (2008) investigated the effect of gender representation on board of directors as a determinant of CSR disclosure. To extent literature on corporate social responsibility this study aims at identifying the current state of the extent of CSR reporting based on the GRI initiatives being a precursor to a full study on determinants of corporate social responsibility reporting in Kenya with a particular focus on companies listed in Nairobi Securities Exchange.

### *1.3. Objectives of the Study*

#### 1.3.1. General Objective

The general objective of this study was to explore the current state of the extent of corporate social responsibility reporting among companies listed in Nairobi Securities Exchange in Kenya.

#### 1.3.2. Specific Objectives

- i. To explore the extent of corporate social responsibility reporting among companies listed in Nairobi Securities exchange in Kenya
- ii. To evaluate whether there is any significant difference between CSR reporting by industry type and industry category among companies listed in Nairobi Securities exchange in Kenya
- iii. To identify whether there is any significant difference in CSR reporting by the disclosure themes among companies listed in Nairobi Securities Exchange in Kenya.

### *1.4. Research Questions*

- i. To what extent do companies listed in Nairobi Securities Exchange in Kenya report on corporate social responsibility?
- ii. Is there any significant difference between CSR reporting by industry type and industry category among companies listed in Nairobi Securities exchange in Kenya
- iii. Is there any significant difference in CSR reporting by the disclosure themes among companies listed in Nairobi Securities Exchange in Kenya

### *1.5. Justification of the Study*

This study was aimed at evaluating the extent of CSR reporting among companies listed in Nairobi Securities Exchange in Kenya. It is expected to contribute greatly to an ongoing study on determinants of corporate social responsibility reporting in Kenya (Mutiso,

2015). Specifically it will contribute greatly to the growing body of literature focusing on CSR reporting in developing countries. Due to the minimal research on CSR reporting in Kenya ( Kalunda, 2012), this study will fill the literature gap by providing a comprehensive insight into the current state of CSR reporting. The findings of the study will be of key concern to the accounting regulators in the country such as ICPAK in their efforts towards ensuring effective reporting by companies in Kenya. The results of the study will also be expected to increase knowledge of CSR reporting in Kenya that will be of particular interest to those companies which do not in particular see the need for CSR reporting since it is done on voluntary basis. The recommendations will provide insight to the Chief Executive Officers in their key role of ensuring accountability and transparency through sustainability reporting.

### *1.6. Scope of the Study*

The study evaluated the extent of corporate social responsibility reporting in companies listed in Nairobi Securities Exchange in Kenya. It focused only on a sample of 37 randomly selected companies from companies listed in Nairobi Securities Exchange as at the end of the financial year 2013 which are expected to have published their financial reports and provided their annual reports to the general public at least four months after the end of the their financial year according to the company Act cap 470. The choice of companies listed in Nairobi Securities Exchange was because of the fact that these companies financial reports are audited hence provide more reliable information to the general public hence easy access to the required information and also the financial information is readily available due to the regulatory requirement of publishing the information for the public domain. Primary data was collected through document analysis of the companies' annual reports for the 2013. This method is preferred because as it reduces bias, lack of responses as well as inaccuracy of information obtained from questionnaires (Glasow, 2005). Secondary data was collected from online journals as well as books to supplement the primary data.

## **2. Literature Review**

### *2.1. Introduction*

This chapter reviewed the literature related to the extent of corporate social responsibility disclosure among previous studies. The reviewed literature provided a basis for an appropriate theoretical framework for investigating the extent of corporate social responsibility reporting among companies listed in Nairobi Securities Exchange in Kenya. It focused on the theoretical framework, empirical review, research gaps as well as a summary of literature review.

### *2.2. Theoretical Framework*

#### 2.2.1. Legitimacy Theory

Legitimacy is the status or condition which exists when an entity's value system is congruent with that of the society of which the entity is a part. Legitimacy theory (Dowling and Pfeffer, 1975) tries to explain why organization carries out some practices beyond what is expected of them by the regulators. Legitimacy is expected to be provided by the society to the organizations operating within the society only if the organizations activities are in line with the interests and expectations of the society. This theory proposes a relationship between corporate disclosure and community expectation in that organization voluntary disclose social and environmental information with the aim of satisfying the expectations of stakeholders. Several studies have been carried out using legitimacy theory to explain why organizations go beyond the legal disclosure requirement (Owen, 2008; Patten, 1992; Deegan and Gordon, 1996; Cormier and Gordon, 2001; Lodhia, 2005; Cho and Patten, 2007; Tilling and Tilt, 2010). The argument is companies seek to legitimize their existence to society by voluntary disclosing social and environmental information in their annual reports justifying that they have the interest of the society at heart when carrying out their activities. This theory is based on the principle of social contract which explains the expectations that the society is about how the organizations are expected to operate (Deegan, 2006). It is based on the assumption that businesses exist for the benefit of the general community not necessarily for the benefit of the shareholders, and thus they should behave in line with the expectations of the general community in order to avoid being considered illegitimate. Due to the increase demand for information, accountability and transparency any organization which does not provide information to stakeholders is considered to act against the expectations of the stakeholders hence the community should disregard their products, or investing in them. This has prompted companies to be proactive in their corporate social responsibility reporting in order to seek legitimacy from the stakeholders and the community within which they operate

#### 2.2.2. Stakeholder Theory

The stakeholder theory is related to the legitimacy theory in that both focus on the expectation of stakeholders as the basis for organization's behavior. While legitimacy theory focuses on the society as a whole, the stakeholder theory focuses on individual stakeholders expectations from the organization by considering the different stakeholders within the society and identifying how they can be managed to meet specific group's expectations. A stakeholder is defined as any group or individual who is affected and can affect the achievement of the organization's objectives (Freeman, 1984). Based on the ethical perspective of stakeholder theory, each of these groups has different interests which conflict with those of others and so it is the responsibility of the entities to manage the business in such a way that balances the interests of all these stakeholder groups (Deegan, 2002). Each of these stakeholders requires knowing how the organization is meeting their corporate social responsibility, expectation which is achieved through CSR reporting. Among the diverse stakeholders the government is seen to have greater power to influence organizations to act in a particular manner,

this will make the companies to report more in order to meet the expectations of the most powerful stakeholders. Thus, this theory can be supported by the results of this study where the companies have identified that the community is a powerful stakeholder who determines the existence of the companies, hence the companies engage in a variety of community support activities which lead to more disclosure of information so that the company can communicate to the stakeholders that they are concerned about the welfare of the community.

### 2.2.3. Institutional Theory

Institutional theory refers to the role played by other institutions in individual member's decision making process. This theory is related to both legitimacy and stakeholder theory in that organizations will ensure compliance with higher level institutions and their expectations in order to be seen as complying with the regulations hence be given legitimacy to continue operating. Since businesses do not exist in isolation, they exist for and within influential institutions which determine how they operate by exerting pressure on such businesses. Proponents of institutional theory such as Porter and Kramer (2007) argue that external stakeholders such as local community, land owners, environmentalists, the government, and regulatory agencies hold companies responsible for their impact on their operating environment hence they are keen to analyze the reporting to understand the extent of such impact and to understand what strategies these companies are using to ensure sustainable development without hearting any of the stakeholders. According to Oliver (1991), pressures from stakeholder groups have an effect on how the companies behave with regard to corporate social responsibility disclosure. This theory was used in study to explain that companies disclose more CSR information so as to comply with the requirement especially those concerned with the environment. Institutions such as National environmental management authority have power exert pressure to the organization to take care of the environment within which they operate hence these companies report more of their CSR activities to reduce the costs of being investigated as well as legal costs for non-compliance. Other institutions such as human rights activists and NGO have similar pressure to the companies to encourage them to be more sustainable hence increased levels of CSR reporting.

### 2.4. Empirical Review

Corporate social responsibility has become a key concern in both developed and developing countries because of the impact organization have on the environment as well as on the society within which they operate. There has been considerable pressure from stakeholders for companies to be more transparent and accountable on their decisions which necessitates the managers to disclose more information than what is legally required to satisfy the interest of their stakeholders (Ponnu and Okoth, 2009). From the above literature, several studies have been conducted with regard to the concept of Corporate Social responsibility. These studies can be categorized into two broad categories; those concerned with CSR activities (Gilbert and Victoria, 2008; Chepkwony, 2008; Mugisha, 2009; Wanyama, 2012; Doris, 2012; Gachungu and Ratemo, 2013) and those concerned with Reporting of CSR activities (Dawkins, 2008; Barako, Dulacho and Brown, 2008; Reverte, 2009; Ponnu and Okoth, 2009; Ramin, 2011; Bouten, 2011; Rouf, 2011; Kalunda, 2012; Kamar, 2013). From the review of literature CSR reporting can also be categorized into several categories, those concerned with the themes and disclosure practices (Kalunda, 2012; Reverte, 2009; Rouf, 2011; Gilbert and Muthuri, 2012; Kivuitu, 2005; Jo and Kim, 2008; Barako, Dulacho and Brown, 2009), and those concerned with the determinants and the motivation behind CSR reporting (Hancock and Izan, 2009; Desoky, 2009; Ponnu and Okoth, 2009; KPMG, 2011; Kamar, 2013; Mohamad and Amed, 2013).

CSR reporting has been adopted as a common practice in most developing countries (KPMG, 2011) and as a result they have developed an accepted conceptual framework to guide them in preparing their sustainability reports. Most research studies in CSR reporting have been done in developed countries (Saleh, 2009). Literature of CSR reporting in developing countries shows that this practice is in the infancy stages which is characterized by unregulated, voluntary, had hoc, incomplete and unreliable reports (Kalunda, 2012; Ponnu and Okoth, 2009; Reverte, 2009). This may be attributed to the fact that in developing countries there is lack of an agreed framework which can regulate the preparation of such reports coupled with the fact that the disclosure of non-financial information is done on voluntary basis. Most of the literature on developing countries is concerned with disclosure practices as well as extent of the CSR reporting. (Kalunda, 2012; Reverte, 2009; Rouf, 2011; Gilbert and Muthuri, 2012, Kivuitu, 2005; Jo and Kim, 2008; Barako, Dulacho and Brown, 2009)

#### 2.4.1. Corporate Social Responsibility Reporting

Corporate social responsibility disclosure is the process of communicating the social and environmental effects of an organization's economic actions to particular interest groups within society and to society at large (Gray, Owen and Adams, 1996). Several terms have been used by researchers to refer to the concept of corporate social responsibility disclosure these include Social accounting and accountability, corporate citizenship reporting, social responsibility reporting, social and sustainability performance measurement, and sustainability reporting (Kalunda, 2012). The term corporate social responsibility disclosure is appropriate for the current study and will be used to describe the measurement and reporting of an organization's social, environmental, and economic impacts, as well as society's impacts on that organization. Several studies have been carried out with regard to corporate social responsibility. Prior studies in the issue of CSR reporting focuses on developed countries (Bouten, Everaert and Roberts, 2012; Reverte, 2009; Parsa and Kouhy, 2008; Branco and Rodrigues, 2008; Ghazali, 2007; Anwar, 2005). Most of the studies which have been done in Kenya focused on CSR practices (Gilbert, 2008; Muthuri and Gilbert, 2010; Wafula, 2012). A few studies examined CSR Reporting in Kenya; Kalunda (2012) explored the extent, form and mode of CSR reporting in Kenya, Okoth and Ponnu (2009) focused on the themes of CSR reporting while Baraka and Brown (2008) investigated the effect of gender representation on board of directors as a determinant of

CSR disclosure. In most developed countries there is a well laid down framework to be followed when preparing CSR reports (KPMG, 2011) unlike in developing countries where researchers have identified that CSR reporting is done on voluntary basis with no framework which can guide the prepares of the reports (Kalunda, 2012; Dawkins and Ngunjiri, 2008). To measure the extent of the disclosure, five disclosure items were used as indicators of CSR reporting. These are in line with the disclosure themes identified by Ponnun and Okoth (2009) including Environmental, Employee welfare, community involvement, Product safety and corporate governance. An un-weighted disclosure index, which was calculated as the total number of items disclosed divided by the total number of expected disclosure items as per the GRI index requirement was used as a measure of the extent of CSR reporting.

### 2.5. Research Gaps

The empirical review has identified that most studies on CSR reporting have been carried out in developed countries such as United States of America, Europe, Australia, with Asia and Africa trailing on the list according to KPMG (2011). Despite this trend, many developing countries have shown considerable improvement in CSR reporting with a United Nations (UN) (2010) report showing that sustainability reporting has increased from zero in 1992 to 4000 reports in 2010. Thus, it is important to have an understanding of the extent of CSR reporting in developing countries with Kenya being the point of reference.

## 3. Methodology

### 3.1. Introduction

This chapter describes the specific strategies that were used in the collection of data, processing and its analysis in order to answer the research questions under study. It focused on the research design, study population, samples and sampling techniques, data collection, analysis and presentation as detailed in the following sub sections.

### 3.2. Research Design

A research design is a conceptual structure within which the research is conducted (Kothari, 2004). The current study was aimed at evaluating the extent of corporate social responsibility reporting among companies listed in Nairobi Securities Exchange in Kenya. This was achieved by use of descriptive survey design which involves the collection of data and analysis with the aim of answering questions concerning the current state of the subjects under study (Mugenda and Mugenda, 2003). The aim of descriptive research is to provide an accurate and valid representation of the variables under study (Web, 1999). It requires a specific form of data collection such as a survey or a case study and also offers a unique means of collecting confidential information such as content analysis (Write, 1995). It also yields rich data that can lead to important recommendations, hence is appropriate for the current study.

### 3.3. Target Population

Target population is the specific population about which information is desired. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, events and group of things or households that are being investigated. Mugenda and Mugenda (2003) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The target population for the current study consistent of all the 60 companies listed in Nairobi Securities Exchange (NSE, 2013). The companies listed in Nairobi Securities Exchange are required by law to publish their audited annual reports four months after their year end and it is expected that the reports of 2013 financial year was available for analysis. The companies listed in Nairobi Securities Exchange reports have been selected for this study because they are expected to be audited by independent auditors hence provide more reliable information (Rouf, 2011).

### 3.4. Sample Size

A sample is a smaller and more accessible sub set of the population that adequately represents the overall group, thus enabling one to give an accurate picture of the population as a whole with respect to the particular aspects of interests of the study (Ngechu, 2004). According to Morris (2004), when dealing with large populations, the size of the sample is determined by using the normal approximation to the binomial distribution but the determination of sample size for small populations the sample is best achieved when researcher use the normal approximation to the hyper geometric distribution. The population in this study is 60 firms listed in NSE, which is considered a small population. Thus the sample size for this study will then follow hyper geometric distribution whose formula is as follows:

$$\text{Hyper geometric } n = \left( \frac{N z^2 p q}{E^2 (N-1) + z^2 p q} \right)$$

Where;

n = the required sample size

N = the population size

p and q = the population proportions. (If these are not known set them each at 0.5)

z = the value that specifies the level of confidence. Typical levels of confidence for surveys are 95%, in which case z is set to 1.96.

E = sets the accuracy of the sample proportions. This study will adopt an accuracy of plus or minus 10%, thus E is set to 0.1.

Based on the above formula the sample size for the companies is 37.2 which will be approximated to be 37 companies which is approximately 61.67% of the target population.

### 3.5. Sampling Technique

This study will employ multi-stage sampling technique to select the sample from the population. The population is already grouped into ten categories, in the first stage stratified sampling will be used to select the required sample of 37 companies, each sub sample will be obtained in proportion to their sizes in the population based on the proportion of sample into the total population which is  $37/60 = 61.67\%$ . Stratified sampling will be adapted because the population is stratified into ten categories hence the use of stratified sampling which is considered most efficient, optimal with no difference within the stratum variances (Kothari, 2007). In the second stage, simple random sampling was used in selecting the companies to be included in the study. Each company was allocated a serial number, and to determine which company to include in the sample the numbers will be picked randomly from each category to avoid bias and ensure representativeness (Kothari, 2007). Based on the above formula the sample size was obtained as follows;

Sector	No. of companies	Stratum sample size	Stratum Percentage
Agriculture	7	4	10.8
Commercial & Services	9	6	16.2
Telecommunication and Technology	2	1	2.8
Automobiles and Accessories	4	2	5.4
Banking	10	6	16.2
Insurance	6	4	10.8
Investment	4	2	5.4
Construction and Allied	5	3	8.1
Manufacturing and Allied	9	6	16.2
Energy and petroleum	4	3	8.1
Total population	60	37	100%

Table 1: Sample distribution

### 3.6. Data collection

#### 3.6.1. Data Collection Instruments

Document analysis of the 2013 annual reports from the company's websites was used to collect most of the primary data concerning the extent of CSR reporting among the sampled companies. This method is suitable for collecting data in its natural form which reduces personal bias of the respondents (Glasow, 2005). Each report was carefully analyzed to identify any information on the disclosure items of CSR reporting which will be used in the determination of the disclosure index for the purpose of data analysis. Secondary data was collected from reviewing prior literature on CSR reporting from online journal and identified books.

#### 3.6.2. Data Collection Procedure

Data was collected from annual reports of the 37 sampled companies' websites which were selected randomly. The information was summarized in a document review guide which had been developed in line with the 25 requirements for CSR disclosures as per the GRI guidelines. Where a set of information was disclosed it was awarded a score of 1 while if no information was disclosed a score of 0 was awarded.

#### 3.6.3. Quality Control

This refers to the reliability and Validity of the instruments (Glasow, 2005). Reliability refers to the degree of consistency and precision of the data collection instrument. To test the reliability of the document review guide a Cronbach's Alpha ( $\alpha$ ) was tested which provided a coefficient of reliability of 0.86 which was considered reliable because according to Morris (2004) if the coefficient of reliability is 0.70 and above the instrument is considered reliable

### 3.7. Data Processing

The collected data from the companies' annual reports as was cleaned, edited and coded appropriately. It was entered into the data base to facilitate the analysis. The data was tabulated and analyzed using descriptive statistics with the help of statistical package for social sciences (SPSS version 21) which is a tool among others for data analysis. The qualitative data from the questionnaire was summarized and analyzed in narrative form, qualitative research is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (multiple meanings of individual experiences, meanings socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (political, issue-oriented, collaborative, or change oriented) or both. It also uses strategies of inquiry such as narratives, phenomenologies, ethnographies, grounded theory studies, or case studies (Creswell, 2003). The data concerning the extent of CSR reporting was used to determine the corporate social responsibility reporting index (CSRDI) which was developed for each sampled company based on five (5) disclosure categories

each with five disclosure items as adopted from GRI guidelines. The disclosure items are as per table 3 below. The un-weighted disclosure index (CSRDI) was calculated by taking the total number of items of disclosure by a particular company divide by the total number of items expected to be disclosed, as used by Kamar and Yousef (2013). The companies were grouped into two industry type so as to explore the extent of reporting by industry type as well as by industry category groupings as per the sample distribution in table 3.2 above.

Disclosure Category	Disclosure item
<b>Environment</b>	a) Air pollution/emission b) Solid waste disposal c) Environment policies d) Water discharge and sanitation e) Energy conservation
<b>Employee welfare</b>	a) Training and development b) Health and safety c) Recreation clubs d) Staff welfare e) Employment of special groups
<b>Community involvement</b>	a) Donation to charities b) Social welfare c) Community seminars/conferences d) Sponsorship to health e) Sponsorship to education
<b>Product Safety</b>	a) Safety of company products b) Legal penalties on company products c) Research projects on improving quality d) Awards due to company products e) Company products called back from market
<b>Corporate Governance</b>	a) Availability of governance report b) Compliance with regulations c) Ethical issues of directors d) Audit report on corporate governance e) Participation of directors in CSR activities

Table 2: Operationalization of extent of reporting by themes  
(Adapted from GRI reporting guidelines, 2006)

## 4. Research Findings and Discussion

### 4.1. Introduction

The purpose of the study was to investigate the extent of CSR reporting among companies listed in the Nairobi Securities Exchange. This chapter presents the data analysis results, discussion of the research findings of the extent of reporting based on industry type, industry categorization and disclosure by themes

### 4.2. Extent of CSR reporting

As indicated by prior research (KPMG, 2011) the concept of CSR reporting is gaining prominence in many countries as many nations move to integrated reporting to curb the malpractices evidenced in financial reporting. In Kenya the findings of Kalunda (2012) and Ponnu and Okoth (2009) showed that the extent of reporting was low with majority of companies disclosing only the good news in an adhoc manner. The descriptive statistics shows variations in the level of CSR disclosures among the sampled companies which is similar to results of Kharshameh and Suwaidan (2010) and kharshameh and Desoky (2013). The descriptive analysis findings of this study show that generally the concept of disclosing on non-financial aspects of the business has improved as illustrated by table 4.1 below with a reporting index of 51.54 on average and a standard deviation of 20.64. These results are in line with the findings of other studies such as Sufian (2012) and Khasharmeh & Desoky (2014) who identified that the level of non -financial information reporting in developing countries is low but shows signs of prominence in the near future.

Reporting Index		
N	Valid	37
	Missing	0
Mean		51.5450
Std. Deviation		20.64233

Table 3: Extent of CSR reporting

#### 4.2.1. Extent of CSR Reporting by Industry Type

The type of industry as measured by the key activities carried out by the companies can determine whether those in manufacturing disclose csr information in a similar or different manner from those companies whose key role is to provide a service to the people. From the sampled companies 14 of them (37.8%) were from the manufacturing sector, while 23 (62.2%) were service companies. The



descriptive results reveal that both the level of reporting by the two industry types are low except for the corporate governance (mean, 84.00) and community involvement information (mean, 68.64) though there is no significant difference with the reporting of both company. These results are similar to those revealed by Ponnuru and Okoth (2009) from a Kenya study and those revealed by Nik and Ahmed (2013) from Malaysian listed companies. As illustrated on the table below, the environmental information reporting the manufacturing sector (44.28) reporting more than the service companies (42.28). This difference could be attributed to the need for the manufacturing sector to report on the efforts they are putting in place to safeguard the environment since their activities are known to have a negative impact on the environment through carbon emission from the industries as well as those which deal in mining. With regard to employee welfare information reporting the service sector has more reporting mean (36.52) compared to the manufacturing companies (34.25). The lower reporting level by the manufacturing companies could be explained by the practice of having employing most of their workers on casual terms hence less efforts are used on motivating them since they work on temporary terms. Contrary to reporting on the employee welfare the reporting on community involvement was high by both types of companies though the manufacturing sector has lower disclosure level (67.14) compared to the service companies (69.56). This is contrary to the expectation that manufacturing companies having more impact on the community are expected to engage more on CSR activities hence more disclosure. The positive results from the service industry could be attributed to the notion that CSR reporting can be considered as a marketing tool by many companies. The product/service safety was the lowest in reporting among the reporting themes with the manufacturing companies (32.85) reporting more than the service companies (20.86). The higher level of reporting by the manufacturing companies can be attributed to the need to comply with the quality assurance requirements and regulations since their products have to undergo inspection before they enter the market hence the need to report more to reduce the need to attract investigation from regulators. The reporting on corporate governance is considerable high as expected due to the fact that for both types of companies reporting on them is compulsory hence the high level of reporting is needed so as to comply with the regulations.

Industrytype		Environme ntal	Employee welfare	Community involvement	Products/ser vice safety	Corporate governance
Manufacturing	Mean	44.2857	34.2857	67.1429	32.8571	85.7143
	N	14	14	14	14	14
	Std. Deviation	37.76736	31.79605	34.73605	29.98168	12.22500
Service	Mean	42.6087	36.5217	69.5652	20.8696	84.3478
	N	23	23	23	23	23
	Std. Deviation	36.83099	34.45797	33.50417	22.13862	17.00965
Total	Mean	43.2432	35.6757	68.6486	25.4054	84.8649
	N	37	37	37	37	37
	Std. Deviation	36.67076	33.04379	33.51303	25.66825	15.20629

Table 4: CSR reporting by Industry type

#### 4.2.2. Extent of CSR Reporting by Industry Category

The industry category as categorized by the NSE was used to determine the extent of CSR reporting among the samples companies. The findings show mixed reactions towards CSR reporting by industry categories. The automobiles and accessories companies have the highest level of CSR reporting with a mean of (78) the insurance companies (mean of 63) and the banking (mean, 56) sectors also have high levels of CSR reporting. This could be attributed to the use of corporate social activities being used by these sectors as marketing tools and hence disclosing them with the aim of making their customers aware of their contribution to the society hence giving them the license to be considered good corporate citizens. The construction and allied sector with a mean of (55.44) together with the manufacturing and allied (mean, 55.20) as well as the energy and petroleum have averagely high level of CSR reporting. This is in line with research findings of Yao et al. (2011) from china who revealed that the manufacturing sector was dominant in disclosing CSR information due to the rising pressure to these companies due to the importance attributed to the sector in the economic development of china. The agricultural sector (mean, 45), the commercial sector (mean 38.8), the investment sector ( mean, 36) and the telecommunication and technology sector (mean 32) show a low level of CSR disclosure compared to all other sectors. These companies have minimal negative impact to the environment as well as to the communities within which they operate hence may find no reason to incur the costs of collecting, summarizing, reporting and interpreting non-financial CSR information which is not required by the regulators. The low level of CSR disclosure in the telecommunication sector could be attributed to the use of other forms of disclosure such as the media and web instead of the traditional reporting in annual reports.

	Mean	N	Std. Deviation
Agriculture	45.0000	4	19.14854
Automobiles and accessories	78.0000	2	14.14214
Banking	56.0000	6	21.01428
commercial and services	38.8056	6	18.88280
construction and allied sector	55.4444	3	34.09192
energy and petroleum	51.0000	4	17.08801
Insurance	63.0000	4	14.37591
Investment	36.0000	2	28.28427
manufacturing and allied	55.2000	5	17.75387
telecommunication and technology	32.0000	1	.
Total	51.5450	37	20.64233

Table 5: Extent of reporting by category

#### 4.2.3 Extent of CSR Reporting by Themes

Among the disclosure themes as illustrated on the table below corporate governance and community involvement information was the highest communicated with an average of 84.86 and 68.65 respectively. Despite of the improvement in CSR reporting, the results show that disclosure with regards to environmental information (43.2), employee relations (36.68) and product or service quality (25.40) had low means implying there is still need for more to be done to encourage companies to continue adopting the new trend which has seen considerable improvement in the

		Environmental	Employee welfare	Community involvement	Product/service safety	Cooperate governance
N	Valid	37	37	37	37	37
	Missing	0	0	0	0	0
Mean		43.2432	35.6757	68.6486	25.4054	84.8649
Std. Deviation		36.67076	33.04379	33.51303	25.66825	15.20629

Table 6: CSR reporting by themes

- Environmental Information Reporting

Reporting on a company's impact to the environment has been considered of a key concern by the environmental activists as well as the government bodies. In most developing countries disclosure of the efforts a company has undertaken to safeguard the environment can be of key concern to the managers who would require the legitimacy and the license to continue operating. The findings of this study reveal a grim picture of the trend in disclosure of environmental information. As disclosed in the table below, the general disclosure is low which is in line with other research findings in developing countries like Malaysia which showed that the extent and quality of environmental disclosure was very low (Nik and Ahmed, 2013) and prior findings in Kenya by ponnun and Okoth (2009) which revealed that only a limited number of companies disclosed information concerning the environment. These findings indicate that environmental disclosures are not regarded as a primary concern in the reporting systems of majority of the Kenyan companies. The low disclosure can be attributed to the lower number of sampled companies which have a negative impact on the environment (manufacturing, 14) as compared to the number of companies in the service industry (23) which is contrary to the number of manufacturing industries in developed countries. Among the disclosure items most of the companies disclosed more (68%) of environment conservation which could be attributed to the pressure from environmental activists who exert pressure on companies to preserve the environments within which they operate. Further analysis reveals that all other environmental disclosure items fared poorly on average with air pollution having a mean of 43%, conservation of energy 49%, air pollution and carbon emission 43% while solid waste disposal registered the lowest with 14% as illustrated by table below.

		Air Pollution/Emission	Solid Waste Disposal	Environment Conservation	Water Discharge and Sanitation	Conservation of Energy
N	Valid	37	36	37	37	37
	Missing	0	1	0	0	0
Mean		.43	.14	.68	.41	.49
Std. Deviation		.502	.351	.475	.498	.507

Table 7: Extent of environmental information reporting

- Employee Welfare Information Reporting

The descriptive statistics analysis reveals similar findings to those of environmental information reporting. Disclosure on employee welfare is low on average with the highest disclosure items being employee training and development with a mean of 54% and

employee health and safety which can be attributed to the need to motivate their employees. The results of the other disclosure items on employee welfare are low with employee recreation having 24% disclosure rate, staff welfare having 41% while disclosure of employment of special groups has the lowest mean of 14% as illustrated by the table below. Similar results were revealed by Bayoud et al. (2012) from Libyan companies where the employee welfare discloser was among the lowest in the list of disclosure categories in Libya. The low employee disclosure index among companies in developing countries could be attributed to the high level of unemployment which would make companies not to see the need to disclose employee welfare information since they have a wide pool of qualified manpower where they can easily get employees without having to entice them to join their companies.

		Employee Training and Development	Employee Health and Safety	Employee Recreation Clubs	Staff Welfare	Employment of Special Groups
N	Valid	37	37	37	37	37
	Missing	0	0	0	0	0
Mean		.54	.46	.24	.41	.14
Std. Deviation		.505	.505	.435	.498	.347

Table 8: Extent of Employee welfare reporting

- Community Involvement Information Reporting

Business organizations operate within a particular environment and within a particular community. According to legitimacy theory companies engage in social activities for the community in order to obtain the legitimacy to continue operating. The descriptive analysis results support this argument by revealing that majority of the companies are performing well in reporting their efforts to sustaining the community within which they operate. The results in the table below shows that sponsorship to education and donation to charities are the most communicated information with a mean of (81) and (78) respectively followed by sponsorship to health concerns with (70). This indicates that the issues which are critical to the community wellbeing are taken seriously by the companies as they are intended to show their commitment to sustainability. Community seminars and conferences fared relatively lower with a mean 57% for both. This implies that compared to the other three they may be of less concern to the community hence spent less effort in trying to communicate them to stakeholders. These results were supported by an earlier study by Ponnu and Okoth (2009). These positive results could be attributed to the pressure of human rights activists and NGO who put pressure for companies to be accountable and ensure sustainable development.

		Donation to Charities	Social Welfare	Community Seminars/Conferences	Sponsorship to Health Concerns	Sponsorship to Education
N	Valid	37	37	37	37	37
	Missing	0	0	0	0	0
Mean		.78	.57	.57	.70	.81
Std. Deviation		.417	.502	.502	.463	.397

Table 9: Community involvement information

- Product /Service Safety Reporting

Reporting on the safety of a product or service can be used as a tool for attracting and retaining customers as well as reducing unnecessary investigations by the government agencies. Kalunda (2012) identified that companies report only good news in their CSR reports, this can be supported by the descriptive results of the current study as illustrated in the table below, which reveals very low disclosure level of product or service safety information. Among the disclosure items only information concerning awards received due to quality products or services has a higher level of disclosure with a mean of 46% followed by information about research projects to improve quality of product or services at 42%. Calling back of poor quality products from the market and legal penalties due to the company products or services reveal the lowest levels of reporting at 3% and 5% respectively. This is an indicator that companies are not interested in disclosing negative information about their affairs to the public which indicates that the disclosure may be just a public relations activity with a very general good news type of disclosure being the norm.

		Safety of Company Products/Services	Legal Penalties Due to Company Products/Services	Awards Received Due to Quality Products/Services	Research Projects to Improve Quality Of Products/Services	Calling Back of Poor Quality Products From the Market
N	Valid	37	37	37	36	37
	Missing	0	0	0	1	0
Mean		.32	.05	.46	.42	.03
Std. Deviation		.475	.229	.505	.500	.164

Table 10: Product/Service Safety Information

- Extent of Corporate Governance Reporting

The highest disclosure item was found to be corporate governance information with a disclosure rate of (84.86) as illustrated on the table below. The expectation was that all the companies were to have corporate governance report in their annual report because it is a mandatory requirement for all listed companies according to the CCGK (2005) requirements and also as per the capital market steering committee on corporate governance (2014) requirement. Though extent of disclosure varied from one item to another, all the sampled companies had a corporate governance report in their annual report, with only a mean of .68 being audited by external auditors to confirm whether it shows the true and fair view of the company's CSR activities as illustrated in table 4.9. These results though showing high levels of governance information they do not disclose 100% of what is expected implying that there is a level of non-compliance though minimal. These results are similar to those of Malaysian listed companies (Hafizah et al. 2014) who had a 3% non-compliance with CSR disclosures despite of the practice being made mandatory in 2006. These findings imply that some companies do not take the issue sustainability reporting seriously.

		Availability of Corporate Governance Report	Ethical Behavior of Managers	Compliance with Regulations	Audit Report on Governance	Participation of Directors in Csr Activities
N	Valid	37	37	37	37	37
	Missing	0	0	0	0	0
Mean		1.00	.95	.97	.68	.65
Std. Deviation		.000	.229	.164	.475	.484

Table 11: Extent of corporate governance reporting

## 5. Summary, Conclusions and Recommendations

### 5.1. Introduction

This chapter presents the summary of the study, conclusions made from the study findings as well as recommendations for future research.

### 5.2. Summary

The focus of the study was to explore the extent to which companies listed in Nairobi Securities Exchange disclose CSR information in their annual reports. The extent of reporting was investigated based on the industry type (manufacturing and service), industry category (Agriculture, Automobiles and accessories, Banking sector, commercial and allied, construction and allied, Energy and petroleum, Insurance, investment, Manufacturing and allied and telecommunication and technology) and disclosure themes (environmental, employee welfare, community involvement, product/service safety and corporate governance) the study revealed that there is an improvement in the general level of CSR reporting with a reporting index of 51.54 with a standard deviation of 20.64 implying some level of variation in the extent of disclosures as compared to the results portrayed by Ponnu and Okoth (2009) and Kalunda (2012). The descriptive analysis results reveal that there is no significant difference between service companies and manufacturing companies with regard to CSR reporting though the service companies had slightly higher level of disclosure. Similar results are found in the work of Nik and Ahmed (2013) from Malaysia. This could be attributed to the underdeveloped manufacturing sector hence having less negative impact on the environment compared to the developed countries which report that the manufacturing sector disclose more CSR information compared to the service industries. Among the different industry categories Six (6) of the categories revealed a CSR reporting of more than a mean of 50% which include the Automobile and accessories (0.78), the insurance sector (0.63), the banking sector (0.56), manufacturing and allied (0.552) construction and allied (0.554) and energy and petroleum (0.51), the other four industry categories had very low levels of disclosure amounting to less than 50%. Among the disclosure themes corporate governance and community involvement information was the highest communicated with an average of 84.86 and 68.65 respectively. Despite of the improvement in CSR reporting, the results show that disclosure with regards to environmental information (43.2), employee relations (36.68) and product or service quality (25.40) had low means implying there is still need for more to be

done to encourage companies to continue adopting the new trend which has seen considerable improvement in the transparency of reporting in developed countries.

### 5.3. Conclusion

The purpose of this study was to explore the extent of CSR reporting among companies listed in NSE. Using content analysis method of data collection from the sampled companies annual reports the findings of the study reveal that Kenyan companies have improved in terms of CSR reporting compared to results of the work of Ponnu and Okoth (2009) and Kalunda (2012) but still the disclosure levels are still low compared to developed companies. The results reveal that the sampled companies disclosed most of their CSR information in the annual report which tended to be more descriptive with minimal quantitative data. The level of CSR reporting reveal that service industries disclose more of CSR information compared to the manufacturing companies as supported by the work of Ponnu and Okoth (2009) but contrary to the expectations and results from the developed like China which revealed that industrial companies disclosed more CSR information than the service industries as indicated by the work of Khasharmeh and Desoky (2013). This could imply that companies in Kenya are more concerned with making the stakeholders aware of their products and efforts towards sustainability which supports the stakeholder theory more than the legitimacy theory. Among the disclosure by industry category the results reveal a variation in the disclosure levels which supports the work of Khasharmeh and Suwaidan (2010) and Khasharmeh and Desoky (2013). The Report on corporate governance topped the list due to its mandatory nature but also reporting on community involvement performed very highly implying that the companies are still considering community as a major stakeholder who should be taken care of by communicating the efforts the company is doing to safeguard their interest. Reporting on the companys' impact to the environment, employee welfare and product/service safety revealed poor performance with regard to the extent of disclosure. This reveals that the companies' have a shallow definition of corporate social responsibility because they focus majorly on community involvement and devote lesser efforts on all other sustainability themes.

### 5.4 Recommendations

The main conclusions which emerge from the study findings is that the extent of CSR reporting is still low among companies listed in NSE in Kenya except the information on corporate governance which is mandatory and information about company involvement with the community which has been taken as a measure of sustainability. This study recommends that CSR disclosure on all the themes should be made mandatory and also the accounting regulators organize seminars where they can clarify that sustainability is more than just community involvement.

Most of the companies disclosed information in descriptive in nature. This study recommends that the regulators should provide guidelines on the how to quantify and report the expenditures especially the non monetized activities so that the CSR reports can be integrated with financial reports. The findings of the study reveal that the reports differ in terms of quality and quantity of the report content. This study recommends that the regulators provide guidelines on the content to be included in the CSR reports

### 5.5. Suggestions for Further Study

The findings of this study have contributed to filling the literature gap on the extent of CSR reporting in Kenya. The findings reveals that CSR reporting is improving among the Kenyan companies, thus a further research which is being carried out by the author on the determinants of CSR reporting will provide a conclusive evidence which factors are leading companies to adopt the practice of CSR reporting. This study focused only on exploring the extent of CSR reporting, another research could be carried out on the benefits and the challenges of CSR reporting in Kenya with the aim of motivating those who are not reporting to adopt the practice as well as understand areas of training so as to improve on the quality of CSR reporting in the country.

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**APPENDIX 1: DOCUMENT ANALYSIS GUIDE**

For each of the company identify the following information and record as appropriate as possible.

**Section A: COMPANY CSR REPORTING INFORMATION**

For each annual report of the company's identify whether any of the following information is disclosed by ticking (✓) the appropriate box.

## 1) Environmental information:

Description	Disclosed	Not disclosed
Air pollution/emission		
Solid waste disposal		
Environment conservation		
Water discharge and sanitation		
Conservation of energy		

Table 1

## 2) Employee welfare information

Description	Disclosed	Not disclosed
Employee training and development		
Employee health and safety		
Employee recreation clubs		
Staff welfare		
Employment of Special groups		

Table 2

## 3) Community involvement information

Description	Disclosed	Not disclosed
Donation to charities		
Social welfare (cleaning the community)		
Community seminars/ Conferences		
Sponsorship to health concern		
Sponsorship to Education		

Table 3

## 4) Product/ service safety information

Description	Disclosed	Not disclosed
Safety of company products/Service		
Legal penalties due to company products/services		
Award received due to quality products/services		
Research projects to improve quality of products/services		
Calling back of poor quality products from the market		

Table 4

## 5) Corporate governance information

Description	Disclosed	Not disclosed
Availability of Corporate governance report		
Ethical behavior of managers		
Compliance with regulations		
Audit report on Governance		
Participation of directors in CSR activities		

Table 5



**Industry type/ Category**

Please tick the sector in which your organization belongs and indicate whether manufacturing or service company

Sector	Please tick (✓)	Manufacturing	service
Agriculture			
Commercial & Services			
Telecommunication and Technology			
Automobiles and Accessories			
Banking			
Insurance			
Investment			
Construction and Allied			
Manufacturing and Allied			
Energy and petroleum			

Table 6

**APPENDIX 2: COMPANIES LISTED ON THE NAIROBI SECURITIES EXCHANGE****Agriculture**

1. Eaagads Limited
2. Kakuzi Limited
3. Kapchorua Tea Company Limited
4. Limuru Tea Company Limited
5. Rea Vipingo Plantations Limited
6. Sasini Tea And Coffee Limited
7. Williamson Tea Kenya Limited

**Automobiles and Accessories**

8. Car And General (Kenya) Limited
9. CMC Holdings Limited
10. Marshalls (EA) Limited
11. Sameer Africa Limited

**Banking**

12. Barclays Bank Of Kenya Limited
13. CFC Stanbic Bank
14. Co-operative Bank Of Kenya
15. Diamond Trust Bank (Kenya) Limited
16. Equity Bank Limited
17. Housing Finance Company Limited
18. Kenya Commercial Bank Limited
19. National Bank Of Kenya Limited
20. NIC Bank Limited
21. Standard Chartered Bank Kenya Limited
22. I & M Holdings ltd

**Commercial and Services**

23. Express Kenya Limited
24. Kenya Airways Limited
25. Longhorn Kenya Limited
26. Nation Media Group Limited
27. Scangroup Limited
28. Standard Group Limited
29. TPS Eastern Africa Limited (Serena Hotels)
30. Uchumi Supermarket Limited
31. Hutchings Biemer Ltd

**Construction and Allied Sector**

- 32. ARM Cement Limited
- 33. Bamburi Cement Company Limited
- 34. Crown Berger Kenya Limited
- 35. East African Cables Limited
- 36. East African Portland Cement Company

**Energy and Petroleum**

- 37. KenolKobil Limited
- 38. Kenya Electricity Generating Company (Kengen)
- 39. The Kenya Power & Lighting Co. Limited
- 40. Total Kenya Limited

**Insurance**

- 41. Britam Limited
- 42. CIC Insurance Limited
- 43. Jubilee Holdings Limited
- 44. Kenya Reinsurance Corporation Limited
- 45. Liberty Kenya Holdings Limited
- 46. Pan Africa Insurance Company Limited

**Investment**

- 47. Centum Investment Company (ICDCI) Limited
- 48. Olympia Capital Holdings Limited
- 49. TransCentury Limited

**Manufacturing and Allied**

- 50. B.O.C Kenya Limited
- 51. British American Tobacco Kenya Limited
- 52. Carbacid Investments Limited
- 53. East African Breweries Limited
- 54. Eveready East Africa Limited
- 55. Mumias Sugar Company Limited
- 56. Unga Group Limited
- 57. Kenya orchards Ltd
- 58. A. Baumann Co. Ltd

**Telecommunication and Technology**

- 59. Access Kenya Group Ltd
- 60. Safaricom

(Source: NSE handbook 2012)