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How Accountants Perceive and Construe the Intention to Disclose Social Responsibility Information: A Study of Kenyan Companies

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Abstract
This study which was exploratory in nature was aimed at examining the perception, constructs and intentions of accountants to disclose social responsibility information. Disclosure indices were used to determine the current Corporate Social Disclosures (CSD) practices of listed companies in Kenya and to classify companies as high disclosure companies and low disclosure companies, while repertory grid technique was used determine how accountants perceive and construe intention to disclose CSD. Interviews were conducted with accountants from both high disclosure and low disclosure companies. The repertory grid data were analysed in two stages: individual cases analysis and cross-cases analysis. The individual case were analysed using the principal component analysis. For the cross-cases analysis, content analysis was used to categorize constructs based on their expressed meaning. It was found that the reputation of the company is the main motivation for high disclosure companies to disclose social responsibility information and institutional factors were the main motivation for low disclosure companies. It is recommended that regulation and standardisation of CSD can make it more useful for decision-making by various stakeholders.

Key words: Corporate Social Disclosure, Repertory grid, Legitimacy theory, Stakeholder theory.

Introduction

There is a growing global concern about the impact of businesses on society. This has mainly been brought about by the increasing concern of the influence businesses on the environment and the issue of climatic change. Society also expects more from the businesses than it did before. Businesses are now expected to be transparent and accountable, and that they should be involved in promoting societal wellbeing. This has led companies to have a need to inform society of what they are doing, which in turn has led to the development of Corporate Social Disclosure (CSD) practice.

This research study aimed at examining perceptions, constructs and intentions of accountants to disclose social responsibility information. The central purpose of the research was to determine whether accountants recognize the concept of CSD, whether they were able to describe the CSD practice in their organizations, whether they considered CSD valuable to the organization and what factors they considered important in influencing the extent of disclosure of CSD. The main aim of the research was premised on the fact that considerable research has been done on the variables that affect CSD but very little has been done to know the perceptions, constructs and intentions of accountants. It is knowledge of what the accountants think about CSD that can help in policy intervention. This study was therefore an attempt to bridge this gap.

Corporate Social Disclosures (CSD)

CSD refers to information that is provided by a company about its interactions with society (Branco & Rodrigues, 2006). CSD also refers to voluntary reporting of social and environmental information of a company's interactions with different stakeholders (Chan, 2002; Lim, et al., 2008). Companies may be involved in CSD so as to discharge a moral duty, gain competitive advantage, report the company's performance, improve the company's image (Buhr, 2007), and influence the external perceptions of the company (Deegan, 2002). Most of the studies indicate that CSD has been increasing over the years (Ratanajongkol, et al., 2006). However, not all companies have embraced it (Gray & Bebbington, 2007) and many studies have shown that there is low level of disclosures by firms (for example, Al-Gamrh and Al-Dhamari (2016)).

Due to the fact that the CSD practice is largely voluntary, it is not standardized and therefore leads to information asymmetry among firms (Jiaotong, et al., 2017). Studies have shown that there are more social disclosures in the developed countries as compared to the developing countries and that the themes emphasized differ even in the developed countries. This study was, therefore, important to determine the level of CSD practice in Kenya and also examine why it is practised in the way it is. Examining accountants' perceptions and constructs in relation to CSD was meant to help in explaining why the practice is as it is.

Theoretical Overview

The theoretical framework of this study is based on the fact that communities are becoming more aware of the importance of non-economic issues, how companies deal with this new focus and how companies can benefit from additional disclosures (Hassan, 2010). Three main theories can help explain these issues: the legitimacy theory, the stakeholder theory, and the agency theory. The legitimacy theory is currently the dominant theoretic construct in CSD research (Deegan, et al., 2002). The legitimacy theory is based on the premise that companies have a right to exist and that this right is deserved by acting in accordance with expectations of the society of which it forms a part (Dowling & Pfeffer, 1975). Firms disclose information in order to show that they conform to the expectations of society (Momin, 2006). The main argument of the stakeholders' theory is that there are wider groups of stakeholders in a company other than shareholders and other investors (Sternberg, 1997). CSD is a means by which the company can inform the different stakeholders on its impacts on them. Lastly, the agency theory tries to explain the conflict that can arise between the management on one hand and the owners on the other. The agency problem leads to information asymmetry where the management has more information about the company than the owners (Nwidobie, 2013). One way of dealing with the information asymmetry problem is good corporate governance practice (Holm, et al., 2014). The other way is by disclosure of more information (Ajina, et al., 2015; Russell, 2015).

Research Methodology

This study was exploratory in nature. This is because, though many studies on CSD have been carried out in the developed countries, very little has been done in developing countries and very few studies have been done in relation to sense-making and CSD. In this study, responses from respondents from high disclosure companies and from low disclosure companies were compared and theoretical propositions were tested to see whether there were differences in the constructs of the two categories of companies.

The main data collection techniques for this study were: the disclosure indices and repertory grid interviews. The disclosure index technique helped in determining the extent of CSD in Kenyan firm and also helped categorise firms into high disclosure and low disclosure firm. The repertory grid technique helped in determining how accountants made sense of CSD.

Disclosure index

Quantitative data, both longitudinal and cross-sectional, derived from annual reports was used to calculate the disclosure indices.

In order to determine the disclosure index, an item got one point if it was disclosed (Bukh, et al., 2001) but got a score of zero if it was not disclosed at all (Firth, 1979). The disclosure index of a company was calculated as its score divided by the maximum score achievable (Tarmizi, 2007). This score was determined in a pilot study. The disclosure index was calculated using the following formula.

$$DI_j = \frac{\sum d_i^m}{n_j} \times 100$$

Where, DI_j is the disclosure index for jth firm, d_i is 1 if the item is disclosed and 0 is the item is not disclosed, n_j is the maximum number of items that can be disclosed by jth firm. The items included in the disclosure index calculation were also determined in the pilot study.

Repertory grid technique

In collecting data using the repertory grid technique, 3 companies with high CSD disclosure indices and 3 companies with low CSD disclosure indices were used. In each company 5 respondents were interviewed. The total number of the respondents was, therefore, 30: 15 from the high disclosure and 15 from the low disclosure. This sampling was selected to be in line with the comparative case study design used for this study. The two categories were important in order to make a contrast between companies with high disclosures and those with low disclosures. The main respondents were the chief accountants of the firms. The repertory grid data were analysed in two stages: individual case analysis and cross-cases analysis. The individual cases were analysed using the principal component analysis. For the cross-cases analysis content analysis was used to categorize constructs based on their expressed meaning.

Hypothesis

H_0: There is no difference between the way high disclosure companies and the low disclosure companies construe CSD.

Findings and Analysis

Disclosure Index Technique

Corporate annual reports of different company were examined to determine CSD practices of listed companies in Kenya A total of 324 annual reports for the periods 2006 to 2011, representing 54 listed Kenyan companies from different sectors (Section 4.4 and Table 6.1), were analysed and disclosure index calculated. These 54 companies were all companies listed in the Nairobi Securities Exchange and had traded between 2006 and 2011.

The disclosure index a company could score was 0 (where a company did not disclose any of the items identified in the pilot) to 100% (where a company disclosed all items identified in the pilot). This section presents trends in social responsibility disclosures, and also bivariate and multivariate analyses.

Repertory Grid Interviews

In order to conduct the interviews, three companies with the highest disclosures indices and three with the lowest scoring indices were selected. From each of the companies five interviews with were conducted which means that in total 15 interviews were conducted in the high disclosure group and 15 in the low disclosure group.

The disclosure indices of the high disclosures companies that were studied ranged from 85.71% to 94.29%. While the disclosure indices of the low disclosure companies ranged from 5.71% to 17.14%. The difference between the two groups is therefore high and this may be an indication that the two groups construed CSD differently.

From the 30 interviews conducted, 379 constructs were generated. Out of these, one construct ('influence disclosure") was provided to the each of the interviewee. Therefore, in total, 349 constructs were generated: 180 were from the high disclosure companies and 169 from low disclosure companies. The purpose of the supplied construct is to summarize the overall purpose of the grid, which is to express the respondent's view of the elements in overall terms, so that the constructs can be analysed to see which ones relate (and can therefore be interpreted as influencing most) to the respondent's thinking about disclosure.

One of the purposes of this research was to understand the type and differences between constructs elicited from high disclosure and low disclosure companies. The repertory grids generated were content analysed using Jankowicz (2004) method and the Honey's technique (Honey, 1979). Additionally, principal component analysis was done.

Content analysis is done so as to group and categorize constructs based on the meanings they express. This was done following the methods recommended by Jankowicz (2004). The constructs were analysed and grouped into categories, based on their similarity in meaning. These were grouped into four super-categories. This was done by the researcher and an independent evaluator. When comparison was done, the two agreed on 16 categories. The researcher obtained 19 categories and the independent evaluator obtained 17 categories. The two, however, agreed on the super-categories.

In order to test the inter-rater reliability of the data, Cohen's Kappa statistic (Cohen, 1960) and Perreault-Leigh index (1989) were used. After discussing and reclassifying items 18 out of the 19 subcategories were agreed upon, which resulted into a Cohen's Kappa of 0.894. This indicates almost perfect agreement (Landis & Koch, 1977). The Perreault-Leigh index (1989) was 0.972 (with confidence limits of 0.954 to 0.989 at 95% confidence level). This also indicated high level of agreement.

To further understand the differences between the two groups, a bivariate z-test was conducted to determine whether the motivations for disclosures for the two groups were statistically different. The following hypothesis was tested: H0: P1 = P2; H1: P1 ≠ P2, was, therefore, tested at 95% confidence level. The results are presented in Table 1.

The results in Table 1 indicate that, overall, "reputation" of the company was the most important super-category, followed by "stakeholder management". The high disclosure companies had similar results to the overall results, with "reputation" followed by "stakeholder management" the most important super-category. However, the low disclosure companies considered "institutional factors" super-category more important followed by "benefits to management" super-category.

The bivariate z-test (Table 1) indicated that the differences between the super-categories in the two groups were not statistically different, except the "institutional factors" super-category. This means that the low disclosure groups considered "institutional factors" more important than the high disclosure groups, and the difference between the two was statistically significant.

Table 1: Content Analysis (Super-Categories)

Super-Category	**Overall (%)**	**High Disclosures (%)**	**Low Disclosures (%)**	**Z value**	**P Value**	Decision
Reputation	27.8	31.7	23.7	1.67	0.0955	Accept H0
Stakeholder Management	26.1	29.5	22.5	1.48	0.1389	Accept H0
Benefits to management	23.2	21.1	25.5	0.96	0.3380	Accept H0
Institutional factors	**22.9**	**17.8**	**28.4**	**2.36**	**0.0183**	**Reject H0**

Results presented in Table 2 indicate that, overall, the social responsibility information disclosures are mainly influenced by the image (11.5%), fairly presentation of the accounts (9.2%), stewardship of the company (7.7%), investor decision-making (7.7%) and the need to be seen to provide quality products and services (6.6%).

Disclosure of social responsibility disclosures by the high disclosure group is mainly influenced by the need to enhance the image of the company (13.9% of the constructs), followed by the need to use the information to properly steward the company (8.3% of the constructs). For the low disclosure companies, the need to fairly present accounts (10.7%) is the main motivation for disclosing social responsibility information, followed by the need to show that the company provides quality products and services (9.5%).

Bivariate z-test indicates that, all except four motivations were found not to be statistically different. This indicates that the two groups were mostly influenced to disclose social responsibility information by the same motivations. The four that were statistically different were societal pressures, market advantage, provisions of quality product or service, and employee information. The high disclosure group was motivated more than the low disclosure group in the need to increase market advantage and the need to provide employee information. The low disclosure group reacted more to societal pressures and the need to be seen to provide high quality product or service than the high disclosure group.

Table 0.1: Content Analysis (Categories)

Category	**Super-category**	**Overall (%)**	**High Disclosures (%)**	**Low Disclosures (%)**	**Z-test**	**P-value**	**Decision**
Image	Reputation	11.5	13.90	8.90	1.47	0.1421	Accept H0
Fair presentation	Benefits to management	9.20	7.80	10.70	0.93	0.3532	Accept H0
Stewardship	Benefits to management	7.70	8.30	7.10	0.43	0.6673	Accept H0
Investors	Stakeholder management	7.70	7.80	7.70	0.03	0.9749	Accept H0
Provision of quality product/Service	**Reputation**	**6.60**	**3.90**	**9.50**	**2.10**	**0.0358**	**Reject H0**
Decision making	Benefits to management	6.30	5.00	7.79	1.03	0.3014	Accept H0
Stakeholders relations	Stakeholder management	5.40	6.10	4.70	0.57	0.5701	Accept H0
Support for government	Stakeholder management	5.40	4.40	6.50	0.87	0.3843	Accept H0
Industrial practice	Institutional factors	5.20	3.30	7.10	1.59	0.1115	Accept H0
Market Advantage	**Reputation**	**4.60**	**6.70**	**2.40**	**1.92**	**0.0550**	**Reject H0**
Societal pressures	**Institutional factors**	**4.30**	**2.20**	**6.51**	**1.99**	**0.0470**	**Reject H0**
Attention of the media	Institutional factors	4.00	3.90	4.14	0.12	0.9053	Accept H0
Customers	Stakeholder management	4.00	5.60	2.40	1.52	0.1293	Accept H0
Global Standards	Institutional factors	3.70	3.90	3.55	0.17	0.8669	Accept H0
Regulatory agencies	Institutional factors	3.40	3.30	3.55	0.11	0.9102	Accept H0
Employees information	**Stakeholder management**	**3.40**	**5.60**	**1.20**	**2.24**	**0.0248**	**Reject H0**
Leadership	Reputation	2.60	3.90	1.20	1.60	0.1104	Accept H0
Promotion of the brand	Reputation	2.60	3.30	1.80	0.91	0.3613	Accept H0
Required by parent	Institutional factors	2.30	1.10	3.55	1.52	0.1279	Accept H0

Honey's (1979) technique

Honey (1979) proposed that an overall construct whose purpose is to sum up the interviewee's attitude towards the topic being researched should be supplied to the respondents. The "overall" construct presented to the respondents in this study was "influence disclosure". This is because the purpose of the study was to elicit constructs that would explain whether the provided themes influenced disclosure of social responsibility information.

The Honey's content analysis technique (Honey, 1979) is used to assign HIL (high-intermediate-low) indices to constructs based on the sum of differences between the "overall" construct and each of the constructs. This helps in assessing an individual's stance on a topic. A construct that has a low HIL index has no relation to the topic and a high HIL indicates a high association between the topic and a given construct. Consensus within a category and subcategory was considered to be present if the ratio of the number of constructs with similar HIL indices was 50% or more (Dima, 2010). This is because more than half of the respondents would have agreed on this score (Table 3).

Table 3: Summary of Honey Technique Indices

		Total	**High Disclosure**	**Low Disclosure**
	Attention of the media	I	I	I
	Societal pressures	I	L	I
	Global standards	I	I	I
	Industrial practice	H	Mixed	H
	Regulatory agencies	I	Mixed	I
	Required by parent company	H	Mixed	H
Institutional factors		**I**	**I**	**I**
	Decision-making	Mixed	Mixed	Mixed
	Fair presentation	I	Mixed	I
	Stewardship	I	I	I
Benefits to management		**I**	**I**	**I**
	Provision of quality product	I	I	I
	Image	H	H	H
	Leadership	H	H	H
	Market advantage	H	H	L
	Promotion of brand	Mixed	H	I
Reputation		**I**	**I**	**I**
	Customers decision-making	I	I	I
	Support for government	I	Mixed	I
	Investors decision-making	I	Mixed	I
	Employees information	Mixed	Mixed	Mixed
	Stakeholder relations	H	H	H
Stakeholders		**I**	**I**	**I**

As shown in Table 3 the high disclosure companies generated H indices in "image", "leadership", "to gain market-advantage", "promotion of brand", and stakeholder" relations. This indicates that constructs related to the reputation of the company and to a lesser extent stakeholder management are afforded high importance. This analysis, therefore, indicates that the need to disclose corporate social information is primarily assessed based mainly on the need to enhance the reputation of the company.

The low disclosure companies generated H indices in the "industrial practice", "required by parent company", "image", "leadership", and, "stakeholder relations". This means that low disclosure companies decide on whether to disclose social responsibility information based on institutional factors and reputation of the company and to a lesser extent stakeholder management.

Discussion and Conclusions

Empirical Outcomes of the Repertory Grid Interviews

As indicated earlier, 349 constructs were generated. Out of these 180 were from the high disclosure companies and 169 from low disclosure companies. Based on content analysis the following can be deduced:

1. Out of the nineteen identified motivations for disclosure of social responsibility information only four were statistically different indicating that in most categories, similar motivations to disclose social responsibility information apply.
2. The four that were statistically different were societal pressures, market advantage, provision of quality products or service, and employee information.
3. The high disclosure companies were motivated more than the low disclosure companies in the need to increase market advantage and the need to provide employee information.
4. The low disclosure companies were motivated more than high disclosure companies by societal pressures and the need to be seen to provide high quality product or service.
5. The high disclosure companies accord enhancing the reputation of the company and to a lesser extent stakeholder management high importance, while the low disclosure companies accorded institutional factors and reputation of the company and to a lesser extent stakeholder management high importance.

Results indicate that the constructs could be grouped in four main super-categories: Reputation, stakeholder management, Benefits to management and institutional factors.

Reputation

The reputation super-category was the most prevalent theme, overall, and the for the high disclosure group. Reputation super-category was further divided into the following categories: image, leadership, market advantage, promotion of brand, and provision of quality product.

According to Petkova (2016), one of the results of the legitimization process is improved corporate reputation. Companies try to improve their corporate reputation by disclosing more social information (Bhattacharyya, 2014). According to Friedman and Miles (2001) CSD is a signal that companies give stakeholders in order to enhance reputation. Once they attain it they try to preserve it by disclosing more information (Michelon, 2011). According to Bebbington et al. (2008), there is evidence that companies manage their reputation risks using CSD. The finding that enhancing company reputation is the most important motivation for disclosing social information therefore agrees with the legitimacy theory (Reverte, 2009).

Companies have different objectives that they want to achieve through CSD (Ashforth & Gibbs, 1990). For example, where the company wants to launch a new product, disclosures can be used to gain legitimacy for the new product. But where the company's product is threated the objective of the disclosure is to repair legitimacy (Summerhays & De Villiers, 2012). This indicates that for high disclosure companies legitimacy theory explains why they disclose social information. How a company communicates its assigned role in society, can affect its reputation (Capirotti, 2004). CSD can be used as part of the communication strategy of a company (Hassan, 2010).

Benefits to management

One of the reasons why management is interested in disclosing social responsibility information is so that it can aid in managing the company. CSD can help managing the company in the following ways: to properly manage the company in order to meet certain business and financial targets (Latridis, 2008), to get favour in stock markets by being seen as more responsible and transparent (De Klerk & De Villiers, 2012), to reduce cost of litigation (Skinner, 1994), and, to show investors that they are aware of the firm's economic environment (Trueman, 1986).

Findings in this study indicate that CSD is seen as a way of making accounts presentation fairer. This is consistent with the arguments of the proponents of social accounting who argue that social accounting address the gulf between conventional accounting which focuses on profit and the need to see the entire social role of a business (Glautier & Underdown, 2001).

CSD has been seen as a way for a company to be socially accountable to the different stakeholders (Gray, et al., 1996). Traditional accounting focuses on economic issues and, therefore, has not helped companies to be accountable to various stakeholders. This is because accountability has been recognized as a social concept which is not limited to economic issues (Pallot, 1991). In the broader concept of accountability the needs and interests of the society are taken into account, which include social responsibility information more useful to the different stakeholders. The wider society is also engaged as a key stakeholder of the company.

Stakeholder management

Stakeholder management is one of the main motivations for CSD. Companies are expected by their various stakeholders to disclose information about their social and environmental performance (Cornelissen, 2008).

According to Gray et al. (1995), CSD provides information for different stakeholders involved in the companies' operation. These stakeholders have been grouped in two groups: the first group comprise of user-oriented stakeholders (interested party group and normative group) and the second group are the producers of the reports. The interested party stakeholders are those who are directly interested in the report's findings|, mainly the shareholders. The main motive of the interested group is to improve the image of the company (Solomon & Lewis, 2002). The normative group comprises those who write the law, which include the government and other regulatory agencies.

Management of stakeholder relations requires that companies be open because this is the only way to disarm stakeholders who are suspicious of the actions of the company (Cadbury, 1987). Stakeholders will question the reliability of the company if they discover that important information was withheld from them (Cormier & Gordon, 2001). According to Armitage and Marston (2008), transparency in CSR information may lead to: promoting integrity within the company and in its dealings with stakeholders; promoting confidence on the part of shareholders and other stakeholders; being part of what is expected of a good corporate citizen and helping non-executive directors to understand the business. This is in line with the social contract theory which postulates that an organisation is accountable to all its stakeholders for its actions and must accounts for its actions (Donald & Preston, 1995).

This study identified investor decision-making as one of the factors that influence whether social responsibility information is disclosed or not. Various studies have had mixed results. For example, Epstein and Freedman (1994) found that social disclosures affected investors' decision-making. Similar results have been shown by Shane and Spicer (1983) who indicated that investors use CSD in making investment decisions.

It however contrasts with Chan and Milne (1999) findings that investors do not react significantly to environmental information disclosures. This is probably because such information has also been found inadequate for use in decision-making (Buzby & Falk, 1978; Harte, et al., 1991; Solomon & Solomon, 2006) because it is largely non-financial (Graham, et al., 2000; Richardson & Welker, 2001). Murray et al. (2006), argue that despite investors exhibiting an increasing demand for CSD there is no proven-link between the price sensitivity of CSD and changes in economic circumstances that this information could be signalling. This is because not all investors are interested only in a purely financial appraisal of investments. Investors have also been found to be interested in social performance indicators (Dhaliwal, et al., 2009).

Institutional factors

Findings in this study indicate that low disclosure companies considered institutional factors as the most important in motivating a company to disclose or not to disclose. These factors include pressures from the following: media, society, global standards, industrial practice, regulatory agencies, and requirements by the parent company. This agrees with findings from other researchers who have found the following different pressure groups to have more influence on disclosures than others: community (Tilt, 1994); environmental organisations (Deegan & Gordon, 1996; Deegan & Blomquist, 2006); and, NGOs (Gray, et al., 1996).

Companies respond to these pressures because they need to show that they meet external expectations that give them social validation which is their licence to operate (O'Donovan, 2002; Moll, et al., 2006). A firm's legitimacy and ultimately its survival can be threatened by failure to conform to institutionalised norms of acceptability (Oliver, 1991). Many organizations, in an attempt to acquire the necessary legitimacy to operate successfully within society, mimic already accepted practices (Meyer & Rowan, 1977; March & Oslen, 1989). This is called isomorphism and can be created by three types of pressures: coercive, mimetic and normative (DiMaggio & Powel, 1983).

Due to these forces, CSD is becoming a standardised business practice across the world because of convergence in CSD. Isomorphism leads to corporate practices which are driven by focus on legitimacy rather than efficiency and economics (Ditlev-Simonsen & Midttun, 2011). Therefore, failure to respond to the various pressures can lead to an organization losing legitimacy and lead to its ultimate failure (DiMaggio & Powel, 1983). This means that each of these types of isomorphism can influence CSD and this has been found to be so in this study.

Coercive isomorphism results from pressures to reflect the expectations of the society of which the organization is part (Dacin, 1997). In order to comply with rules and regulations, companies are forced to adopt similar methods. Such rules and regulations may be enforced by the government, stock exchanges, large shareholders, lenders, and others. That this isomorphism applies in Kenya is shown by the fact that both the high disclosure and low disclosure companies indicated pressure from the media and regulatory agencies as some of the reasons why companies disclose social responsibility information. The company can be forced by external factors to disclose social responsibility information.

The fact that pressure from the media can influence disclosure has been recognised by other researchers such as Greening and Gray (1994), Ader (1995), and Brown and Deegan (Brown & Deegan, 1998). Since the media have the power to influence stakeholders' perception of a company, a company's social validation may be damaged by negative media attention (Islam & Deegan, 2010). It is therefore important for a company to respond to the pressure from the media and this seems to be the case in Kenya.

The other coercive force indicated in this study was the requirements by regulatory agencies. However, only a small percentage (3.4%) of the constructs related to regulatory agencies. Indicating that this is not a very important reason why companies in Kenya disclose social responsibility information. In fact currently there are no government requirements for companies in Kenya to disclose social responsibility information.

Mimetic isomorphism results when an organisation benchmarks itself after other organizations (Dacin, 1997). Companies adopt the best practices of other companies in the same industry (Haveman, 1993). Large companies benchmark against other companies who are leaders in the industry, while small companies benchmark against large companies. This seems to be the most important isomorphism in Kenya. Respondents practice CSD because it is an industrial practice, it is a requirement no the parent company, and in order to meet global standards. This indicates that one of the reasons why companies in Kenya, and particularly the low disclosure companies, disclose social responsibility information is because others in the industry are doing it and a company would not want to be left behind.

This finding agrees with those in other studies. For example, according to Snider et al. (Snider, et al., 2003), in order to comply with global social and environmental policies, multinational companies require their subsidiaries to practice CSD. The multinational company establishes global social and environmental policies that may constitute pre-formal law (Buhmann, 2006). A number of Kenyan companies disclose CSD because it is a requirement of the parent company.

Normative isomorphism emanates from the professionalization of norms (Currie, 2012). These norms are internalized within the company along with coercive social pressure (Mizruchi & Fein, 1999). This isomorphism does not seem to play much of a role in Kenya in explaining why companies disclose social responsibility information.

Implications of the Study

The reasons for carrying out this study were to inform on the practical implications on CSD practice and contribute to the theory. This section is therefore divided into two: implication for practice and implication on theory

Implication for practice

The findings indicate that the high disclosure companies mainly disclose in order to enhance reputation. They disclose because they are interested in projecting a certain image so as to legitimise their operations. Low disclosure companies mainly disclose due to institutional factors. Industrial practice is the main institutional factor that motivates the low disclosure companies to disclose. In other words, they disclose because they want to be seen to belong and therefore imitate the practise of others. This means that the social information disclosed by various companies is motivated by different factors and therefore cannot be uniform. This means that disclosure of social information needs to be regulated and standardized so as to convey similar information to different stakeholders. Complying with globally-recognised standards such as GRI can be very beneficial and regulatory bodies in Kenya could require companies to comply with such standards.

Due to the different information conveyed by the companies surveyed in this study it is also important that accountants are trained on how to disclose social responsibility information. Currently in Kenya social responsibility accounting is just mentioned in some syllabi. Accountants are not trained on how to capture and disclose the information. There is therefore a need to include the social responsibility accounting in the syllabi of the accounting training institutions. There is also a need for companies to conduct in-house training for their accountants. This would make the information disclosed in the companies' reports more standardized and meaningful for decision-making.

The different ways in which social responsibility information is disclosed implies that this information may not contribute to reducing information asymmetry between different stakeholders. The main purpose of disclosures in reports is to inform the different stakeholders so that they can make informed decisions. This does not seem to be the role played by disclosures in Kenya today. The information disclosed in annual reports of Kenyan companies may not be anything but green-washing. Green-washing has been defined by Lyon and Maxwell (2011, p. 4) as "selective disclosure of positive information about a company's environmental or social performance, without full disclosure of negative information on these dimensions, so as to create an overly positive corporate image". This again calls for the need for regulations and standardization of the CSD practise.

There should be better presentation of social information in annual reports. One way this can be done is to disclose social responsibility information in a separate section of the annual report. This is the practice by international companies and whose purpose is to give the information the prominence required for it to have a meaningful impact on decision-making.

Managers wishing to enhance the efficiency of the message that they convey to various stakeholders can also improve from the findings in this report. There has been considerable increase in the amount of social information disclosed but it is doubtful whether this information is enough to help different stakeholders make decisions.

The other implication of this study is that accountants can use the repertory grid method to help them answer some of the problems they may face in disclosing information. This is because, although disclosure of accounting information is highly regulated and standardized, there continue to be new emerging areas that take time before they are captured by regulatory or accounting standard setting bodies. Before such regulations or standards are formulated, disclosure of such information is largely socially constructed. This is where a research technique like the repertory grid method becomes very handy to help bring out the perceptions and intentions of accountants.

Implications on theory

According to findings in this research legitimacy and stakeholder theories are the dominant CSD theories in Kenya. Proponents of the two theories argue that a company discloses CSR information as part of the dialogue between itself and the greater society (Gray, et al., 1995). Disclosures are therefore important in order to show that the company is complying with societal expectations and therefore its legitimacy is not threatened (Newson & Deegan, 2002).

This study shows that disclosure of social information cannot be explained by one theory only. This observation agrees with Adrem (1999) and Cormier, Magnan, and Van Velthoven (2005) that disclosures cannot be explained by a single theory because they are a complex phenomenon. Such theories must be looked at as complementary and not as competitive (Gray, et al., 1995).

Recommendations

In order to standardize, improve, and provide guidance for companies on CSD practices in Kenya, the accounting profession in Kenya should develop and adopt the standard for accounting and auditing of CSD which is suitable for the Kenya business environment. This can make CSD information more useful to users because they will have a framework for interpreting such information. Some people argue that when disclosure of information is unregulated, companies hold back unfavourable information (Verrecchia, 2001). However, there are others who argue that the risks are strong enough to ensure proper disclosure (Dye, 1990).

There is also need for accountants to be trained on corporate social reporting. Therefore, CSD should be included in the curricula for academic and professional bodies. There is also a need for accounting academicians to engage in more research on CSD.

Limitations of the Study

Content analysis was used for this study. Use of content analysis can be criticized for being subjective because people can interpret the same information differently. To minimize errors an independent evaluator was used analyse the information and the result compared with the findings of the main researcher. The independent evaluator was an accountant with one of the main auditing firm with good understanding of CSD. This was meant to make the data obtained more reliable.

Only listed companies were used in this study. Listed companies because of their visibility are likely to disclose more social information as compared to unlisted companies. It is, however, important to note that information on listed companies is easier to obtain than for the unlisted companies and this being the first time such a study has been carried out in Kenya, it was important to start with the listed companies.

Another limitation to this study is that interviewees are sometimes influenced by some external factors in responding to questions posed to them. In this study, one such factor could be that rules and regulations are sometimes interpreted strictly, and sometimes less strictly, and therefore interviewees could have been influenced by regulatory pressures and may not have been providing constructs that are truly their own. However, repertory grid technique, because of its robustness with respect to social desirability responding is better than many interviewing techniques for managing this difficulty.

Further Research

Investigation should be done on corporate social responsibility information disclosures in reports other than the annual reports. This is because as CSD develops, more and more reports apart from the annual reports will disclose more social responsibility information.

More research should be done using the case study method. The case study method may disclosure a richer understanding of why some companies disclose information the way they do.

This research only covered companies listed on the stock market. Further research should be conducted into companies that are not listed on the stock market so as to compare the findings of the listed companies and those of others.

The study focused on the differences between perceptions of accountants in the "high" and "low" disclosure companies. It was possible to have compared the 'public expression'' of CSD as revealed in the company reports with the 'private perceptions' of CSD by the accountants. Further research can, therefore, be done to compare the 'public expression' and the 'private perceptions'.

Conclusions

Organizations are voluntarily disclosing information regarding their CSR activities in their annual report because CSR is an issue of growing interest in the business world.

This study indicates an overall trend towards increasing CSD among companies listed on the Nairobi Securities Exchange.

It also shows that CSD trends have been different in different industries.

Community service theme was the most disclosed theme and this may be because social issues are more relevant in Kenya today.

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