EFFECT OF VOLUNTARY DISCLOSURES ON QUALITY OF FINANCIAL REPORTS: A CASE STUDY OF SIX LARGE BANKS IN KENYA

BY

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DECLARATION

Declaration by the Student

This research project is my original work and has not been presented to any other examination body. No part of this research should be reproduced without my consent or that of the KCA University

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Declaration by the supervisor

This research project has been submitted for defense with my approval as the KCA University supervisor

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DEDICATION

This project is dedicated to my Parents Mr Eliaph Chemai and Mrs Grace Chemai for their encouragement, my wife Benta and my children Hope, Jeremy and Justin for their patience, support and encouragement. To those who have encouraged and reminded me to pursue a degree and have been a pillar in my accounting career Mrs Rosemary Gituma, Mr Patrick Nyaga, Mr Samuel Rotich and Jennifer Kilonzo.

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LIST OF ABBREVIATIONS

BBK	Barclays Bank of Kenya Ltd
CBK	Central Bank of Kenya
CFCS	CFC stanbic Bank
COOP	Co-operative Bank of Kenya Ltd
CSR	Corporate Social Responsibility
DMGT	Directors and management
EBK	Equity Bank of Kenya
HRM	Human Resource Management
IASB	International Accounting Standards Board
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
KCB	Kenya Commercial Bank of Kenya Ltd
MD&A	Management Discussion and Analysis
MNC	Multinational Corporation
ROE	Return on Equity
SCB	Standard Chartered Bank of Kenya Ltd
TA	Total Assets
VA	Voluntary Disclosure

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ABSTRACT

The objective of this study is to determine the effects of voluntary disclosure on quality of financial reports. Whereas mandatory disclosure is regulated, VD is discretionary information published willingly by firms' managers and non-disclosure creates an information gap. Extensive disclosures reduces the gap and result to high quality reports. For this study specific quality determinants of VD include, information on DMGT, MD&A and CSR. Descriptive research design was used and secondary data was collected from annual reports of 6 large banks from 2012 to 2016 and analyzed using disclosure index of 47 items split into the three variables. The extent of disclosure is measured as percentage of the total and for quality using four ratings (0-3) based on absence and the degree of specificity of each item. On average, 6 banks disclosed 49% of items with an average rating 2.11, which indicates that their financial reports of good quality. There was improvement on disclosures between 2012 to 2016 indicating possible high disclosure levels in future. Disclosing information on the three variables contribute to high quality reports. I recommended users to be involved and banks to further improve disclosure level. More research on each of the variables can be done.

CHAPTER ONE

INTRODUCTION

This purpose of this chapter is to review the background, problem statement, the objective of the study, the impact and the scope of the study.

1.1 Background of the study

The purpose of financial statements is to meet the needs of all the external users that do not have privileged access to the internal information (Whittington G 2008). Kanakriyah (2016) states accounting information is considered the fundamental communication instrument between companies and all user groups, which means that every financial statement should be clear, complete, fair, and understandable and presented in a way that enables different users to achieve their aims. In order to be clear and comprehensible, relevant information should be disclosed. According to Ghasempour A. (2014) disclosures is a means of presenting economic information associated with the financial status and performance of the firm both financial and non-financial. Kanakriyah (2016) states that main objective of accounting disclosure is to inform all users, basically current and potential users, about the firms position, so the full disclosure principle informs any operation or/and information that might have an influence on the financial statements should be disclosed.

Published annual reports are required to provide various users which include shareholders, employees, suppliers, creditors, financial analysts, stockbrokers, management, and government agencies, with timely and reliable information useful for making prudent, effective and efficient decisions (Oyerogba, 2014). This therefore means disclosures enhance the usefulness and quality of financial reports.

1.1.1 Voluntary Disclosures

The Kenya Company's Act sets the general framework for financial accounting and reporting by all registered companies in Kenya, and stipulates the basic minimum requirements with regard to financial reporting. (Barako, Hankock & Izan.2006), which provides limited details on the financial reporting, therefore it is supplemented by Institute of Certified Public Accountants Kenya (ICPAK), to implement the requirements of International Financial Reporting Standards (IFRS). IFRS is developed by the IASB and these standards aim to develop high quality financial statements that remove allowable accounting alternatives and require accounting measurement that reflect a firm's economic position and performance (Barth et al 2007).

Despite these regulations the information may be inadequate to user's need therefore voluntary disclosure is necessary to enhance quality of the reports. According to Meek, Roberts and Gray (1995) voluntary disclosure is disclosure in excess of requirements which represent free choices on the part of company management to provide accounting and other information deemed relevant to the decision needs of users of the annual reports. Investors demand information to access timing and uncertainty of current and future cash flows to enable them value firms.

Kanakriyah (2016) voluntary disclosures relate to information published willingly made by firms outside their legal and regulatory requirements where comprehensiveness, informativeness, and timeliness as a proxy for disclosure quality.

Ling Ho & Taylor (2013) in their study grouped voluntary information into five categories corporate and strategic, financial and capital markets, forward looking, directors and senior management and CSR information.

Clarkson, Kao & Richardson (1999) states that the objective of Management Discussion and Analysis (MD&A) under Ontario Securities Commission (OSC) is to enhance investor understanding of the issuer's business by providing supplemental analysis and background material to allow a fuller understanding of the nature of an issuer, its operations, and known prospects for the future. MD&A should address five specific areas namely operations, financial condition, liquidity, forward-looking information, and risk and uncertainty. Therefore the Ling Ho & Taylor (2013) corporate and strategic, financial and capital markets and forward looking information falls in the category of MD&A.

LingHo & Taylor (2013) explains that directors and senior management information concerns information about their qualifications, experience and positions and Corporate Social responsibility (CSR) covers corporate philanthropy, environment, employees, and other information pertinent to society.

1.1.2 Quality of financials reports

Financial reporting is done with the objective of communicating information to users to enable them make prudent and informed economic decisions (FASB, 2010). The IASB framework which guides the development of accounting standards, sets out qualitative characteristics that determine the usefulness of information in financial statements. These characteristics are understandability, relevance, reliability and comparability. The Framework explains that understandability enables users to comprehend the information, by classifying, analyzing and present it concisely and clearly which provides the ease to read and interpret information. Relevant information is capable of making a difference in users' decision and materiality plays a key role in users' judgement. Reliability means information must be verifiable, neutral and complete. Comparability enables users to identify similarities and differences between two sets of economic phenomena which may be between two comparable periods and with entities in the same industry.

Wallace & Naser (1995) views disclosure quality as an abstract construct that one could not determine its intensity or quality since it does not possess own inherent characteristics.

Beattie, McInnes & Fearnley (2004) observed that quality can be defined in variety of ways, suggesting that it's a complex, multi-faceted concept. And to obtain a rich understanding of disclosure quality, it is necessary to focus on the individual dimensions, their interrelationships and the way in which they combine.

Nyabuti (2016), argues that if voluntary disclosures are insufficient in all material aspects, then the financial reports may lack the qualitative characteristic of completeness and thus inhibiting its usefulness and the extent of these voluntary disclosures in all material aspects also determines the quality of the reporting.

Healy, Hutton, & Palepu (1999) in their study concluded that firms that increase their disclosure level experience improvement in stock performance, increase institutional ownership, analyst following, and stock liquidity. This therefore means the extent of disclosure determines the quality of financial reports. Researchers such as Barako et al (2006), Botoson (1997) have measured the extent of disclosure using disclosure index. Barako, et al (2006) observed that in 2001, 74% of the companies listed in Kenya had disclosed 11% to 30% of the items contained in the disclosure index and only one company achieved at least 50% of the items.

Kanakriyah (2016) concludes that voluntary disclosure has economic influence, which it can affect investors' perceptions toward companies and consequently it can influence corporate market value.

1.1.3 Banking sector in Kenya

Kenyan financial sector is dominated by banks therefore this means the survival and development of almost all key sectors in the country virtually relies on banks stability and efficiency. As at 31 December 2015, Kenya has a total number of 43 banking institutions, 42 banks and 1 mortgage finance which reduced from 45 banks due to liquidation of Dubai bank and placing imperial Bank under receivership. Out of the 43 banking institutions, 40 are privately owned, while Kenya Government has majority ownership in 3 banks. Out for the 40 privately owned banks, 26 are locally owned where the controlling shareholders are domiciled in Kenya and 14 are foreign owned where many have minority shareholding.

Banks in Kenya are classified into three peer groups i,e large, medium and small which are classified using weighted composite index comprising of net assets, customer deposits, capital and reserves, number of deposit accounts and number of loan accounts. Large banks (tier 1) made of 6 banks make 58% of the weighted market share and medium banks (tier2) has 32%. 11 of these banks are listed Nairobi Stock Exchange (NSE). All banks in Kenya are monitored by CBK and regulated under the Companies Act, Banking Act and Central Bank Act.

Kenya Companies Act (2012) cap. 486, is the principle legislation that governs corporate disclosure of companies. CBK issues prudential regulation guidelines based on the banking Act 2010 with the major objective of enhancing market discipline and maintaining a stable and efficient banking system Rashid & Aikaeli (2015). Those guidelines have greatly enhanced the depth of reporting in banking sector by giving framework of transparency, disclosure and controls for good corporate governance.

1.2 Problem statement

Demand for financial reporting and disclosure arises from information asymmetry and agency conflicts between managers and outside investors (Healy&Papelu2001) and in agency relationship as pointed by Barako et al (2006) insiders (managers) have an information advantage, therefore owners face moral dilemmas because they cannot accurately evaluate and determine the value of decisions made. Thus, the agent takes advantage of the lack of observability of his actions to engage in activities to enhance his personal goals.

A problem arises because managers by virtue of their position in the agency relationship have access to superior information, are always at discretion in determining what information in excess of what is required by law and regulation to avail to stakeholders in pursuit of their interests as well as the interests of other stakeholders (Nyabuti (2016) and therefore Watrin & Ullman (2012) observed that better disclosures reduces this information gap between the owners and managers. Mwiti (2014) identifies economic benefits as the major drive that encourages managers to provide more information through voluntary disclosures.

Meek, Robert & Gray (1995) states voluntary disclosure provide additional information to help users better understand the company and its operating environment. Financial information generally helps stakeholders to evaluate the position and performance of the company, hence assisting the investors, user of the company's services and other stakeholders to make rational decisions (Rashid & Aikaeli 2015) and therefore quality means, as suggested by Kanakriyah (2016) that, more extensive disclosures are more informative than brief disclosures, and provide greater transparency.

Many research done in Kenyan companies has concentrated on variables affecting voluntary disclosure and the effect on performance on of Nairobi securities exchange, however, to the best of the researcher's knowledge no study has ever investigated the effects of MD&A, information on directors and senior management and CSR on quality of financial reports of six large banks. It is in this light that the current study sought to fill the existing gap by investigating the effect of the three variables on quality of financial reports by scoring items listed each of the three variables on the basis of how and extent of information presented.

1.3 Objectives of the study

1.3.1 General Objective

The general objective was to investigate the effect of voluntary disclosures on quality of financial reports, focusing on financial report of six large banks made up of 3 local and 3 multinational banks.

1.3.2 Specific Objectives

The specific objectives of carrying out this research are as follows;

i. To determine the effect of management Discussion and Analysis disclosure of quality of financial reports.
ii. To determine the effect of additional information on directors and senior

management disclosures on quality of financial reports.

iii. To determine the effect of corporate social responsibility disclosure on quality of financial reports.

1.4 Research questions

i. What is the effect of management discussion and analysis disclosure on quality of financial reports?

ii. What is the effect of additional information on directors and senior management on quality of financial reports?

iii. What is the effect of corporate social responsibility disclosures on financial reports?

1.5 Justification of the study

Disclosure improve quality of financial reports therefore the higher the level disclosure of relevant information the better the quality of financial reports, which means users will have less effort in obtaining information because they will be able to get most of it from one source, therefore reducing the cost of obtaining information. Owing to the size of 6 banks and its dominance in the banking industry, the study will provide benchmark for which other banks and companies can measure up in disclosing more information to the users.

1.6 Significance of study

This study will help banks and other companies identify disclosure gaps in their reports. This will be significant in improving the quality of their financial reports that will eventually improve on the quality of decision making by the users.

1.7 Scope of the study

The study will be conducted on a total of 6 large banks, 3 local and 3 foreign banks. The local Banks are Co-operative Bank of Kenya Ltd, Equity Bank of Kenya Ltd, Kenya Commercial Bank of Kenya Ltd and foreign Banks, Barclays Bank of Kenya Ltd, Standard chartered Bank and CFC Stanbic. The study will cover financial statements and reports for five years from 2012 to 2016 Financials statement and reports.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to review the literature of voluntary disclosure. These theories explains the relationship between management and stakeholders.

2.2 Theoretical review

Voluntary disclosure involves information that is affected by, or affects the relationship between the management, owners, stakeholders, and society in general.

2.2.1 Agency Theory

Jensen & Meckling (1976) define agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent(s)) to perform some service on their behalf which involves delegating some decision authority to the agent.

Deegan (2006) notes that, it is assumed within the agency theory that, principals will assume that the agent will be driven by self-interest and therefore the principal will anticipate that the manager will undertake self-serving activities that could be detrimental to the economic welfare of the principal. According to Jensen & Meckling (1976) the principal will pay the agent to expend resources (bonding costs) to guarantee that he will not take certain actions which would harm the principal. They further defined agency costs as the sum of monitoring expenditure by the principal, bonding expenditure and residual loss.

According to Barako et al 2006, voluntary disclosure presents an excellent opportunity to apply agency theory, in the sense that managers who have better access to a firm's private information can make credible and reliable communication to the market to optimize the value of the firm.

2.2.2 Signaling theory

Signaling theory focuses primarily on the deliberate communication of positive information in an effort to convey positive organizational attributes; therefore it is concerned with reducing information asymmetry between two parties (Connelly, Certo, Ireland & Reutzel 2011).

Stiglitz (2002) as cited by Connelly et al (2011) observed that information asymmetries occur when different people know different things and because some information is private, information asymmetries arise between those who hold that information and those who could potentially make better decisions if they had it. Connelly et al (2011) states that insiders obtain both positive and negative private information, and they must decide whether to communicate this information to outsiders. Therefore high quality voluntary disclosure helps reduce information asymmetry between the agent and the principal.

2.2.3 Legitimacy Theory

This theory asserts that organizations continually seek to ensure that they operate within the bound and norms of their respective societies (Deegan C. 2005). According to Lingblom (1994), legitimacy is a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part.

When a disparity, actual or potential exists between the two value systems, there is threat to entity's legitimacy.

Deegan (2005) observes that firms in their operations depend on the community resources and natural resources to obtain raw materials and labour, therefore the society expects to benefit from the firm and it has a duty to society to prevent damage to the physical environment and ensure the health and safety of consumers, employees and those who live in adjacent communities. It is assumed that the society will allow the organization to continue operations to the extent that it generally meets their expectation (Deegan 2005).

Disclosure of information on firm's activities to the society boosts their image in the eyes of the community and investors, since they will view the organization that looks into the well-being of the society and not merely to make profits.

2.2.4 Stakeholders Theory

Freeman & Reed (1983) as cited by Deegan (2005) defines stakeholders as any identifiable group or individual who can affect the achievement of an organization's objective.

Clarkson (1995) classifies stakeholders into primary stakeholders and secondary stakeholders and defines primary stakeholders as one without whose continuing participation the corporation cannot survive as a going concern, while secondary are those who influence or affect or are influenced or affected by the corporation but they are not engaged in transactions with the corporation and are not essential for its survival. The theory assumes that people in the society have a right to be informed about the certain facets of firms operations.

According to Gray, Owen, & Adams (1996) information is a major element that can be employed by the organization to manage or manipulate the stakeholders in order to gain their support and approval or to distract their opposition and disapproval. Roberts (1992) states that social responsibility activities are useful in developing and maintaining satisfactory relationship with stockholders, creditors and political bodies. Developing a corporate reputation as being socially responsible through performing and disclosing social responsibility activities is part of a strategy for managing stakeholders' responsibility.

2.3 Empirical Literature Review

Studies have shown that the extent of voluntary disclosure improves quality of reports. These reports have positive effect on users therefore improves firm's performance.

2.3.1 Effect of management discussion and analysis on quality of financial reports

Financial statements are may not provide adequate information that is useful to the users, therefore management has a duty to the users to provide additional information that provide the context of interpreting the financial position, performance and cash flows of the entity. This information relates to previous position, current position and the future prospects. Clarkson, Kao & Richardson (1999) notes that Ontario Securities Commission (OSC) adopted MD&A requirements under Policy Statement No. 5. 10 in November 1989 which states, its primary objective as "to enhance investor understanding of the issuer's business by providing supplemental analysis and background material to allow a fuller understanding of the nature of an issuer, its operations, and known prospects for the future." Clarkson et al (1999) in their study, observed their results are uniformly supportive of the view that MD&A is a source of both new and useful information, and indicate that MD&A is used for financial analysis purposes. LingHo & Taylor (2013) and Cahyaningtyas, Sasanti & Husnaini (2015) classifies the disclosure into strategic information, financial and capital market data information and forward looking information.

Company and strategic information relates to relates to firm background, market and competition, industry competitiveness and prevailing economic and political situations that can affect a firm's operational performance (Cahyaningtyas et al 2015).

LingHo & Taylor (2013) states that strategic information has influence in various aspects of a company, and will ultimately affect the performance of the company, therefore strategic information is the basis of corporate disclosure in their annual reports and these financial information often proved very fundamental to understand the opportunities and risks of investing in a company.

According to Cahyaningtyas et al (2015) financial and capital market data information concerns the historical information presented in the accounts, including the key financial ratios, the review of the firm's performance, wealth creation, as well as the trend of volume of shares traded, market capitalization and share prices. LingHo & Taylor (2013) notes that this quantitative information provides an overall understanding of the factors that play a role in the performance and future growth of a company and may be of particular relevance for decision-making.

Forward-looking information refers to the information that relates to future prospects, forecasts, and the potential of a firm (Cahyaningtyas et al 2015). Based on the results of the organization in the previous period, management may predict the future and actions they will take to improve and achieve objectives. MD&A help users understand how management intends to implement its strategies for entity over a long term.

The importance of MD&A in financial reports cannot be underestimated because it forms the large portion of voluntary disclosure that users require to make economic decision. The benefits and the effects which include reduction of information asymmetry, earnings management and cost of equity has been of interest to many researchers and scholars like Hely & Papelu (2001), Watrin and Ullman (2012) and Botosan (1997). Others include improvement in stock performance, increase share prices and analyst following (Healy, Hutton, and Palepu 1999, Lang and Lundholm 2000 & Oyerogba 2014).

2.3.2 Effect of information on corporate social responsibility on quality of financial reports

Corporate social responsibility covers information about corporate philanthropy, environment, employees, and other information pertinent to society (Cahyaningtyas et al 2015). Moir (2001) states that CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Leite, & Padgett (2011) in studying history of CSR notes that from approximately since 1990 until now, the concept of CSR has become almost universally sanctioned and promoted by all constituents in society from governments and corporations to consumers and non-governmental organizations and these companies embraced CSR as an essential component in their annual reports.

Gray, Javad, Power & Singclair (2001) identified states that social and environmental disclosure can typically be thought of as comprising information relating to a corporation's activities, aspirations and public image with regard to environmental, community, employee and consumer issues. Other detailed matters disclosed include such as energy usage, equal opportunities, fair trade, and carbon footprint and emissions.

According to Freeman (1984) as cited by Katamba et al (2011), the concept of corporate social responsibility (CSR) is premised on the idea that business is part of society and therefore it should manage its operations in ways that honour its co-existence with society's various stakeholders .Therefore CSR would involve meeting the needs of all stakeholders and not just shareholders against some form of ethical basis (Moir 2001). These include treat employees fairly and equitably, operate ethically and with integrity, to respect basic human rights, to sustain the environment for future generations, and to be a caring neighbor in their communities.

Reverte (2009) notes that issues such as pollution, waste, resource depletion, product quality and safety, the rights and status of workers, and the power of large corporations have become the focus of increasing attention and concern. In this context, companies have been increasingly urged to become accountable to a wider audience than shareholder and creditor groups.

The level of social and environmental disclosure is affected by some factors which has been of interest to many researchers. Grey et al (2001) identified size, profit and industry affiliation as factors affecting disclosure level and states that larger, more profitable firms, and those in more `socially-' and `environmentally-sensitive' industries can be expected to make greater use of the (typically voluntary) disclosure of information about their social and environmental activities.

Larger companies tend to disclose more information because it is deemed to be more highly exposed to public scrutiny and have bigger effect on the community. Reverte (2009) points out that a management that has the knowledge to make a company profitable also has the knowledge and understanding of social responsibility, which leads to more social and environmental disclosure. Ng & Koh (1994) as cited by Reverte (2009) point to the fact that profitable corporations are more exposed to political pressure and public scrutiny, and therefore use more self-regulating mechanisms, for instance voluntary disclosure of information, in order to avoid regulation.

The industry affiliation determines the level of disclosure and firms which have manufacturing process that has a negative influence on the environment, disclose and report considerably more information than corporations from other industries (Reverte 2001). Examples of these industries include mining oil exploration, chemical quarries. Firms in finance and service industries in general seem to report more regarding social issues and philanthropy.

On employee welfare Abhayawansa & Abeysekera (2008) notes that human resource in an organization is a valuable resource and a source of competitive advantage and therefore employees are no longer considered as a cost to be minimized as viewed in the industrial era, but rather seen as a resource to be nurtured and optimized. HRM practices can affect and enhance the social performance which include and not limited to lower employee turnover and absenteeism, and higher job satisfaction and organizational performance which include productivity, quality and innovation of a firm. Kansal & Joshi (2015) states that the accounting profession has been under pressure from various stakeholders such as investors, creditors, suppliers, financial analysts and employee groups to provide financial and non-financial disclosures regarding human capital-related accounting issues, such as executive and employee salary information, stock-based compensation and employee health and safety provisions. Potential employees take into consideration the social endeavors and social image of the employers before deciding to join the organization (Kansal & Joshi 2015)

Companies that undertake social and environmental activities improve their image, therefore have better reputation and which improves its competitive advantage that will translate into good business.

2.3.3 Effect of information on directors and senior management on quality of financial reports

Information on directors and senior provide information about their qualifications, experience and position within the company. Cahyaningtyas et al (2015) cited OECD report (2003) which stated that companies in Asia generally provide little information about the background and the remuneration of directors and key employees.

Some aspects of corporate governance disclosure is mandatory which is mainly guided by the Capital market authority Act (cap 485A). The Act provides disclosure requirements on directors and fees. It gives guidelines the disclosure on conduct and constitution of audit committees which is made up pf executive and non-executive directors. Audit committees is set up as a means to improve corporate financial reporting. Barako et al (2006) points out that the existence of audit committees is recognized internationally as an important feature of good corporate governance.

Aspects of voluntary disclosure on directors and senior management include qualification, professional and academic qualification of overall board of directors, disclosure on other board committees and its members. It also deals with senior management composition, their titles, qualifications and previous experiences. Other disclosure will include the composition of the board distinguishing between executive and non-executive board and organization structure. It is simply the disclosure on the corporate governance structure (Capital Market Authority Act).

Details on board of directors and senior management are important information on corporate governance, and in order to build confidence in users of the financial reports about the governance aspects of the firm.

Jensen & Meckling (1976) postulate that separation of ownership and control of a firm provides the agent (manager) with the incentive to serve their personal interests at the expense of the principal's (shareholder's) interests. Ling-Ho & Taylor (2016) states that managers, as self-interested agents, possess information about the present and likely future performance of the firm that is superior to that acquired by shareholders. Managers can use their discretion to disclose or not disclose information to facilitate their engagement in opportunistic behaviour for personal gains (Watts & Zimmerman, 1990). Therefore it can be concluded that disclosure on ownership level of directors and senior management to the company is important because it plays a key role in determining their personal interest which eventually affect the level of disclosure level

Ling-Ho & Taylor (2016) suggests that more research is needed relating to corporate disclosure with particular corporate governance attributes such as board composition, board committee formation and independence, CEO and board chairperson duality and audit committee formation and characteristics because past studies do not produce consistent evidence regarding the impact of these individual governance attributes on corporate disclosure.

2.4 Conceptual framework

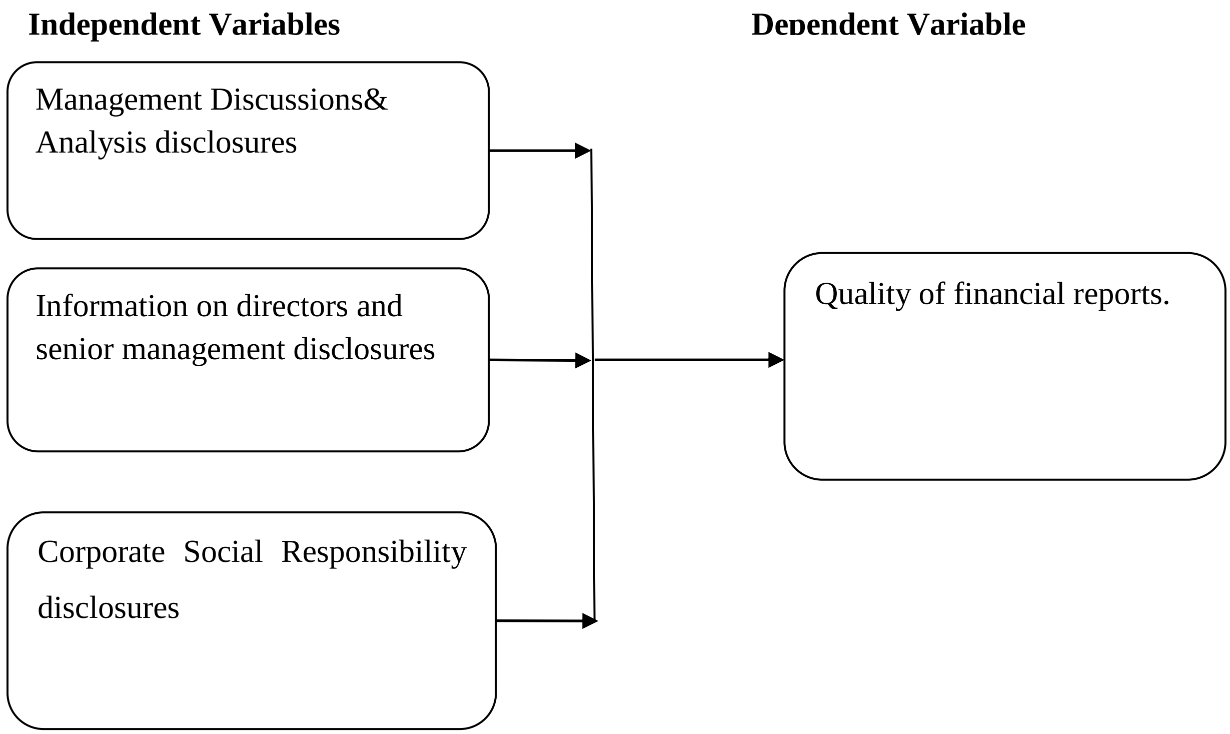
The quality of financial reports depends on the extent of disclosure, which can be measured on the basis of attributes of understandability, reliability, relevance and comparability that also guide preparers of these financial reports who must have diverse users in mind. According to Meek, Roberts & Gray (1995) the extent of disclosure can be affected by size of the firm, profitability level, multi-nationality, industry affiliation, international listing status, leverage and country of origin.

Banks is a highly regulated industry due to its nature of business in mobilizing public funds to make profits and provide much needed financial requirements for development, therefore it is subject to a lot of public scrutiny and regulations.

MD&A forms the biggest portion of the report which users rely on it to make economic decisions. MD&A makes 68% of the total items identified in the disclosure index. With more information disclosed, the users will be able to make informed decisions that build their confidence in their dealings with the company. The CSR reports helps firms build their image and reputation therefore the increase competitiveness in the market because users can embrace company's product being aware that part of the profit will benefit the society. Corporate governance information help users analyses the quality of directors and management who are mandated to steer the company to meet its objectives. Users will be able to determine level of confidence on management using the information given and this may affect users' decisions.

Therefore the more the information is disclosed the better the quality of financial reports which means quality of financial reports depends on disclosure of information.

Figure 1: Effect of Voluntary disclosures on quality of financial report



Source: Researcher 2017

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the research design, the population, sampling and sampling procedure, types of data, data collection and research instruments and techniques of data analysis.

3.2 Research Design

Research design is the basic plan that indicates an overview of the activities that are necessary to execute the research project. According to Kothari (2009) a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement and analysis of data.

Research design provided an operational frame within which the facts are placed, processed through analyzing procedures and the valuable research output is produced.

This research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This descriptive design was preferred since it is suitable within the time and cost constraints, and it uses indices that describe a given sample by use of measures of central tendency (mean, mode, median), measure of dispersion (range, standard deviation, variance) distributions (percentages, frequencies) (Mugenda & Mugenda 2003).

3.3 Target Population

Population refers to an entire group of individuals, events or objects having a common observable characteristic (Mugenda & Mugenda 2003). Population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated. There are 43 banks in Kenya according to CBK and this targeted 6 large banks because of their dominance and influence on the banking industry. It involved studying and analyzing Annual financial statements for the 6 banks for 5 years making 30 reports.

3.4 Sample and sample procedure

A sample is representative of a larger population. Mugenda & Mugenda (2003) defines sample as a smaller group obtained from the accessible population and after deciding on the sample size, researcher formulates a procedure of selecting the subjects or cases to be included in the sample therefore must have a sampling frame, which is a list, directory, or index of cases from which a sample can be selected.

This study targeted 6 large banks out of 43 banks and according to Central Bank of Kenya Annual supervision report 2015 the large banks command 57.6% of total assets, 48.8% in 2014, 51.4% in 2013 and 51.5% in 2012. Therefore it is well representative of all banks in Kenya.

3.5 Instrumentation

Instruments are tools that aid in collection of data. To determine the disclosure level and quality of disclosed items of the 6 banks between 2012 and 2016, disclosure items listed in appendix 1 were used to determine the score of disclosed information from the annual financial statements and reports of each of the six banks for the period under review. Beatty et al (2004) states that because of the difficulty of assessing disclosure quality directly, disclosure index studies assume that the amount of disclosure on specified topics proxies for the quality of disclosure. Often, a simple binary coding scheme is used, whereby the presence or absence of an item is recorded. Other coding schemes incorporate ordinal measures (frequently three levels), to allow for the 'quality' of the specific disclosure to be that is quantified disclosure scores 2, qualitative disclosure scores 1 while no disclosure scores 0. This is the approach adopted by Botosan (1997), who observes that 'disclosure quality is also important but very difficult to assess. As a result, researchers tend to assume quantity and quality are positively related (Beatty et al 2004). Marston & Shrives (1991) conclude that, while the construction of disclosure indices inevitably involves subjective judgment, it has proved to be a valuable research tool that will continue to be used as long as company disclosure is a focus of research.

Ying (2008) used environmental disclosure index modified from one used by Wiseman (1982) and under the index, he identifies four ratings (zero to three) of disclosures based on presence or absence and the degree of specificity of the items. For score of 3 the item was presented in monetary or quantitative terms, score of 2 the item is presented in company specific terms, score of 1 where the item in mentioned in general terms and score of '0' represent non-disclosure.

For this study, the rating used by Ying (2008) was adopted to measure quality of disclosure and the assumption was that the higher the rating the better the report.

The scoring guidelines are as follows;

Table 1: Quality disclosure scoring guidelines

Score	Scoring guide
0	Items in the index not disclosed
1	Items mentioned in general terms. Not specific to the firm with limited explanation
2	Items mentioned in company specific terms. Detailed explanations given and on what the company did.
3	Items presented in quantitative and monetary terms. Amount spent impact on community and the company's profit. Impact on employees amongst others.

Source: Ying 2008

3.6 Data Collection

Data, is information researcher gathers for study and is made up of secondary data which according to Mugenda & Mugenda (2003) is information a researcher obtains from research articles, books, and interviews.

Secondary data was collected to determine level and trend of disclosure against the disclosure index for each of the banks. Annual financial statements and reports for each year for each bank from 2012 to 2016 was examined. Focus was on voluntary disclosure (non-financial) based on disclosure index set by previous researchers particularly Barako et al (2006) because of they used it in studying and analyzing disclosures of Kenyan companies. The items on disclosure index was 47 in total and grouped into 3 categories namely directors and management reports, Management discussion and analysis, corporate social responsibility reports.

3.7 Data Analysis techniques

To analyze data from primary data from respondents, Microsoft Excel was used to process the raw data from the field and later used percentage tables and graphs to present the data.

Analysis was done in two ways. First the disclosed items on each category per bank per year was counted and divided by the total voluntary disclosure to obtain the percentage disclosed and these was compared to Barako et al studies on the level of voluntary disclosure for listed companies between 1992 and 2001 and secondly using the quality score to determine the quality of each item disclosed and averaging to obtain the overall quality score of the report.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents an analyses and the interpretation of disclosed items from annual financial reports of the 6 large commercial banks from 2012 to 2016.

4.2 Data Preparation

The data was analyzed against the disclosure index developed in two levels, first by determining the extent of disclosure against total of 47 items on the disclosure index and the level of detail of each of the items disclosed as a measure of quality by allocating a score of 0 to 3.

The items on the disclosure index were distributed into information on DMGT, MDA and CSR as follows;

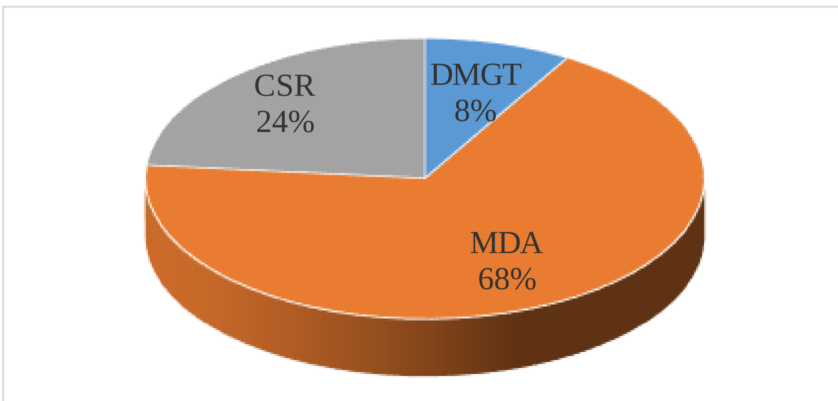
Table 2: Distribution of disclosure items

Variables	**Total number of Items**	**Percentage**
DMGT	4	8.5%
MDA	32	68.0%
CSR	11	23.5%
TOTAL	**47**	**100%**

Source: Researcher 2017

From the table above, Information on directors formed 8.5% of total number of items in the disclosure index, Management Discussion and Analysis made 68% and Corporate social responsibility formed 23.5%, implying that MD&A covers a wide area of business performance and strategy that is useful in making economic and investment decision.

Figure 2. Distribution of disclosure items



Source. Researcher 2017

Table 3: Number of Annual financial reports

Bank	**Expected no of reports (2012-2016**	**No. of reports analyzed**	**Percentage**
COOP	5	5	100%
KCB	5	5	100%
EBK	5	5	100%
BBK	5	5	100%
SCB	5	5	100%
CFCS	5	5	100%
TOTAL	**30**	**30**	**100%**

Source: Researcher 2017

4.3 Extent of disclosure and quality of disclosed information

The extent of disclosure for each of the banks is shown as follows;

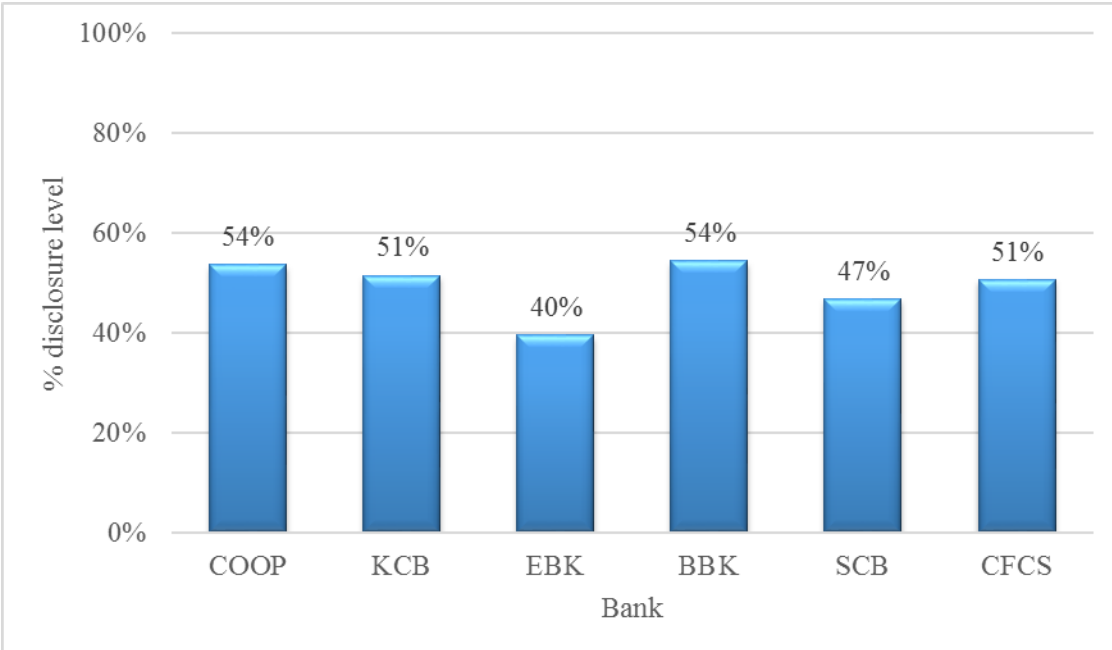
Table 4: Extent and quality of voluntary disclosure per bank

Bank	Average number of items disclosed	Percentage	Quality of disclosed items
COOP	25.2	54%	2.09
KCB	24.2	51%	2.07
EBK	18.6	40%	2.28
BBK	25.6	54%	2.40
SCB	22.0	47%	2.44
CFCS	23.8	51%	1.97
Average	**23.2**	**49%**	**2.21**

Source: Researcher 2017

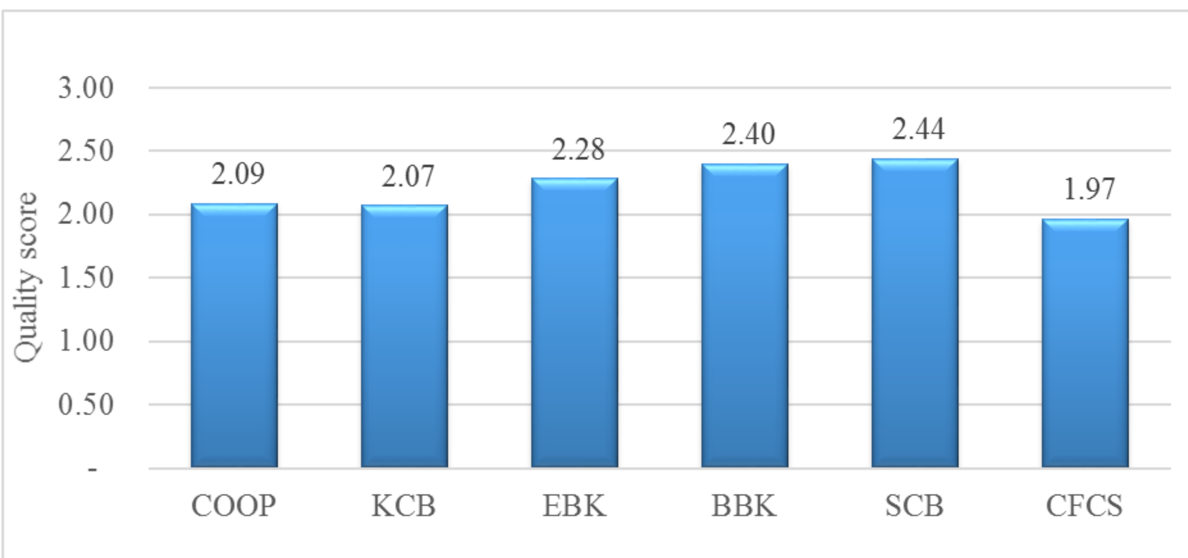
From table 4 on average for the all 49% of the items were disclosed and the average quality score achieved was 2.21 which implied that the big banks have good quality financial reports. Most of the items were disclosed in company specific items. The quality score was based on only the items disclosed.

Figure 3: Average disclosure level



Source: Researcher 2017

Figure 4: Average voluntary disclosure quality score per bank



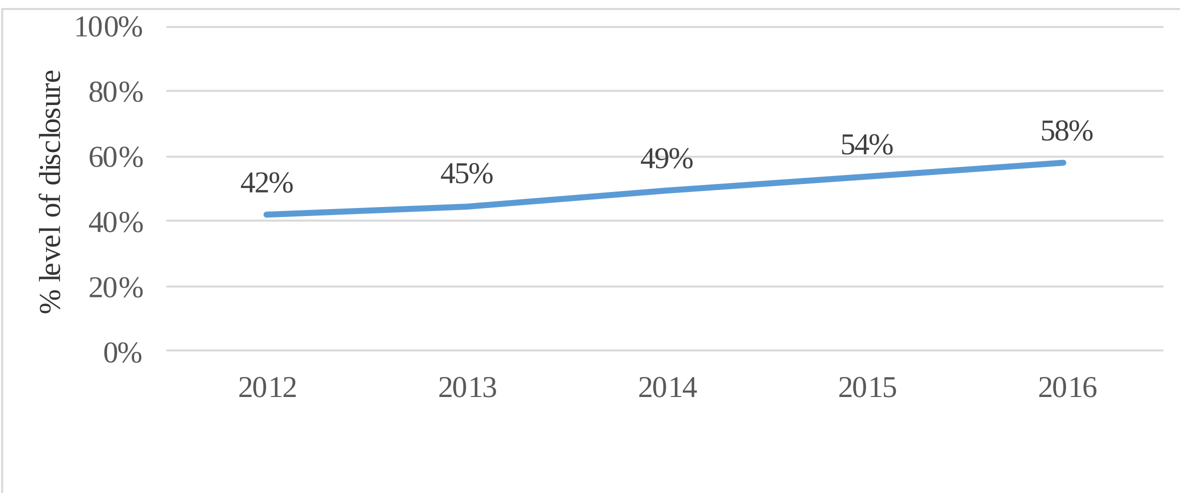
Source: Researcher 2017

Table 5. Extent and quality of voluntary disclosure per year

YEAR	Average number of items disclosed	Percentage	Quality of disclosed items
2012	19.7	42%	2.07
2013	21.0	45%	2.11
2014	23.2	49%	2.25
2015	25.2	54%	2.29
2016	27.2	58%	2.33
Average	**23.2**	**49%**	**2.21**

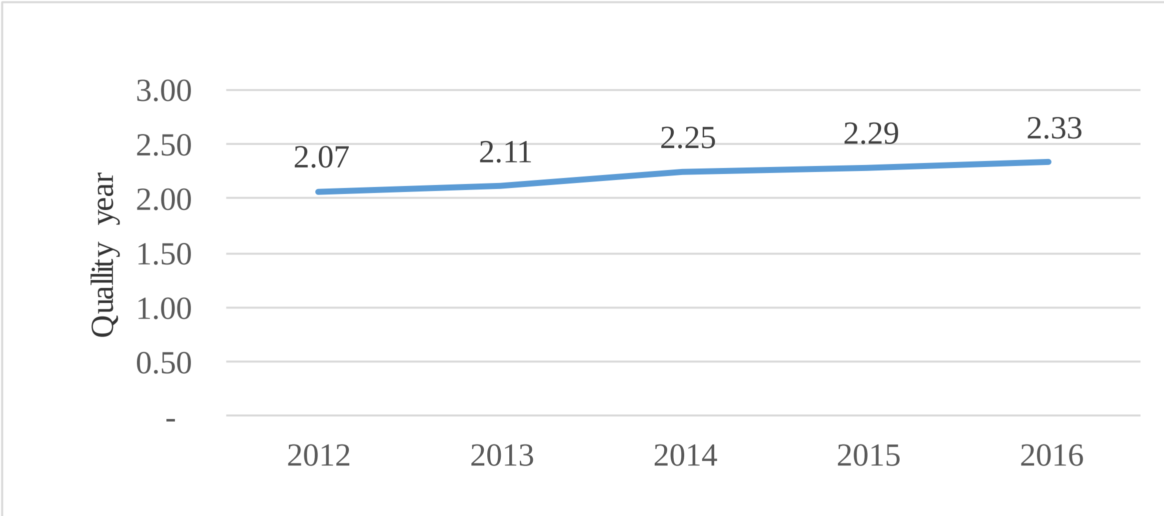
Source: Researcher 2017

Figure 5: Trend in extent of voluntary disclosure



Source: Researcher 2017

Figure 6: Trend on overall voluntary disclosure quality score

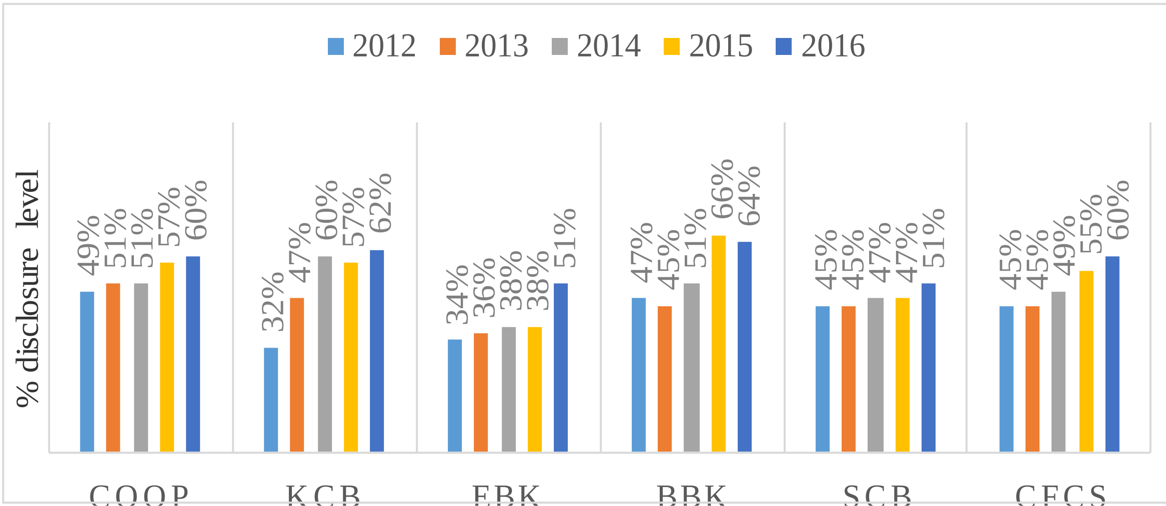


Source: Researcher 2017

The graphs shows that there is a steady improvement in disclosure levels from 2012 to 2016 on both the extent and quality. In 2012, the average disclosure level was at 42% and a score of 2.07 and improved steadily to 58% and a score 2.33 in 2016. All banks' disclosure level improved over the 5 years with the details shown in figure 7 and figure 8. COOP achieved 49% and 2.00 in 2012 to 60% and 2.25 in 2016, KCB 32% and 1.81 to 62% and 2.14, Equity Banks 34% and 2.19 to 51% and 2.33, BBK from 47% and 2.00 to 64% and 2.63, SCB 45% and 2.38 to 51% and 2.54, CFCS 45% and 1.9 to 60% and 2.11. The result showed that financial reports for 2016 for all the banks covered more information and were better presented than the ones for previous years.

The details of extent of disclosure and quality is as follows:

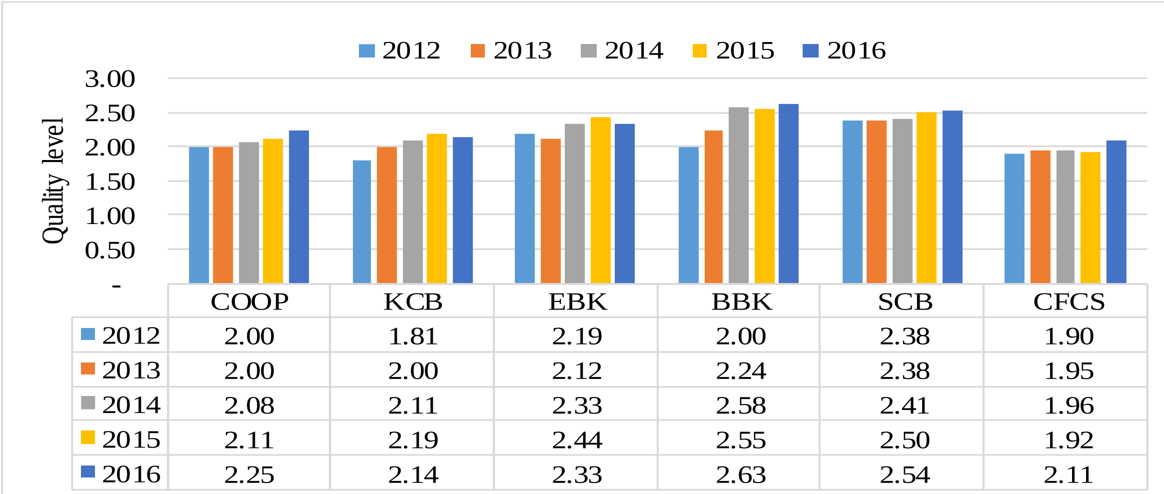
Figure 7: Extent of voluntary disclosure



Source: Researcher 2017

On quality, BBK, Equity and SCB achieved scores higher than 2 in all the five years with Barclays scoring the highest in 2016. All banks however, scored more than 2 in 2016. On average the large banks disclose information generally in company specific terms. BBK scored the highest score of 2.63 which means their reports are of high quality due to disclosing many items in quantitative and monetary terms.

Figure 8: Voluntary quality score

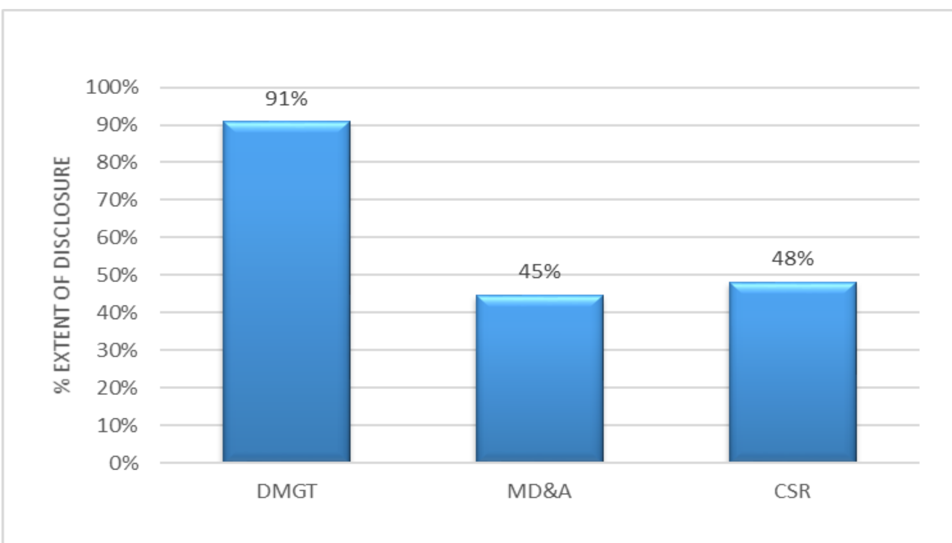


	COOP	KCB	EBK	BBK	SCB	CFCS
2012	2.00	1.81	2.19	2.00	2.38	1.90
2013	2.00	2.00	2.12	2.24	2.38	1.95
2014	2.08	2.11	2.33	2.58	2.41	1.96
2015	2.11	2.19	2.44	2.55	2.50	1.92
2016	2.25	2.14	2.33	2.63	2.54	2.11

Source: Researcher 2017

4.4 Analysis of voluntary disclosure variables

Figure 9. Comparison of the extent of disclosure of the three variables



Source: Researcher 2017

On the measure of details of information DMGT achieved a score of 2.41, MD&A scored 2.21 and CSR scored 2.08 on the items that was disclosed, which gave an average of 2.21. The level disclosure on DMGT was 91%, MD&A was 45% and CSR achieved a score of 48%.

Figure 10: Comparison of the quality of information on the 3 variables

Source: Researcher 2017

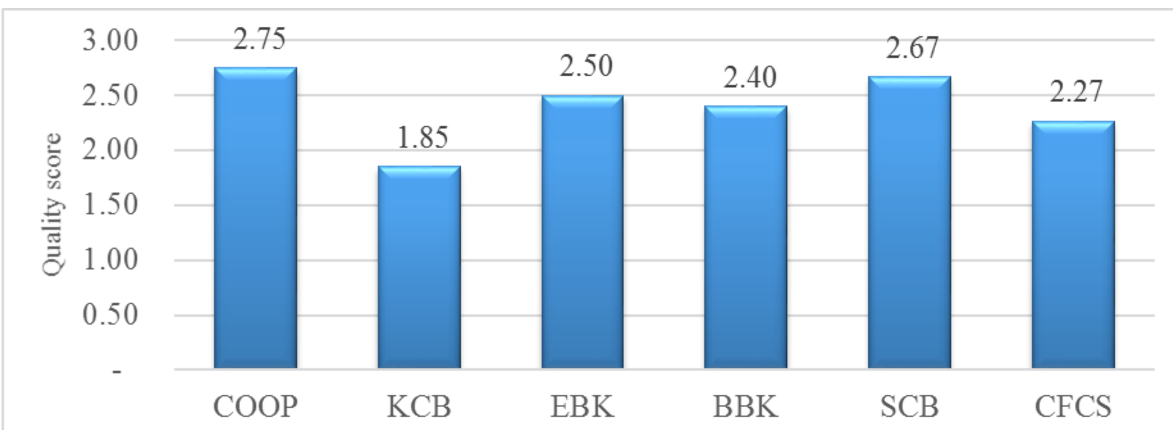
4.4.1 Information on Directors and Senior management (DMGT)

The total items to be disclosed were 4 and COOP, KCB, Equity, BBK disclosed all the items on the index while SCB and CFC disclosing 3 items, which gave an average disclosure level of 92%. On quality score all 5 banks achieved a score above 2 and KCB scored an average of 1.85 because of not giving detailed information on business experience of directors. There was also improvement of disclosure on details of information between 2012 and 2016. The score improved from 2.28 in 2012 to 2.46 in 2016.

Figure 11: Extent of disclosure on directors and senior management information

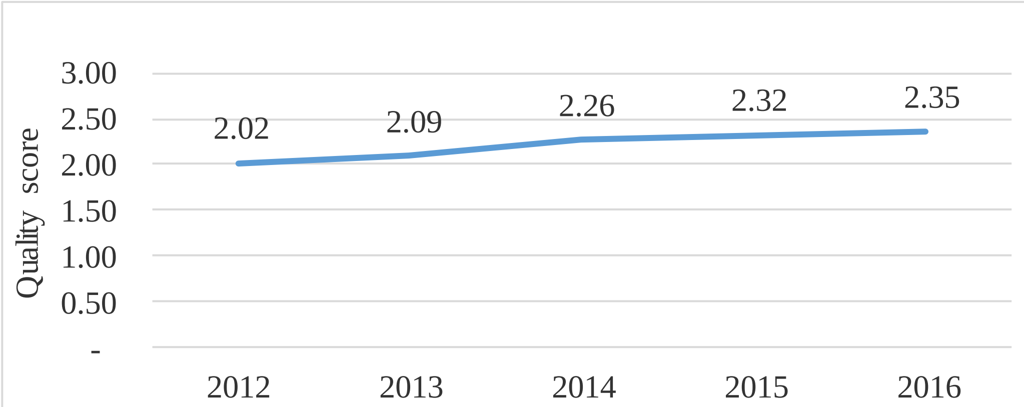
Source. Researcher 2017

Figure 12: Information on directors and senior management quality score



Source. Researcher 2017

Figure 13: Trend on quality of information on directors and senior management



Source: Researcher 2017

4.4.2 Management Discussion and Analysis

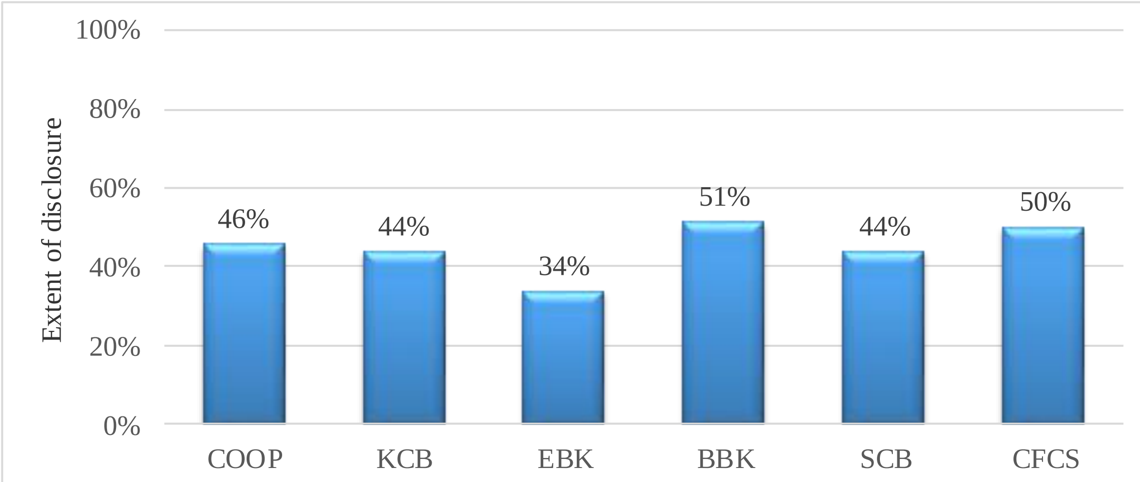
MD&A disclosure is made up of 32 items out of 47 forming 68% of the total items disclosed. Banks disclosed an average of 45% on MD&A with only BBK and CFC achieving more than 50% level. Disclosure level on forward looking strategies was low on all banks financial reports which could be as a result of avoiding to reveal a lot of strategic information that could be used by competition. The major factors affecting performance and operating business environment were well covered by all the banks

Table 6: Extent of MD&A disclosure

BANK	**Average items scores**	**Percentage**	**Quality score on MD&A**
COOP	14.60	46%	2.08
KCB	14.00	44%	2.20
EBK	10.80	34%	2.14
BBK	16.40	51%	2.38
SCB	14.00	44%	2.43
CFCS	16.00	50%	2.03
Average	**14.30**	**45%**	**2.21**

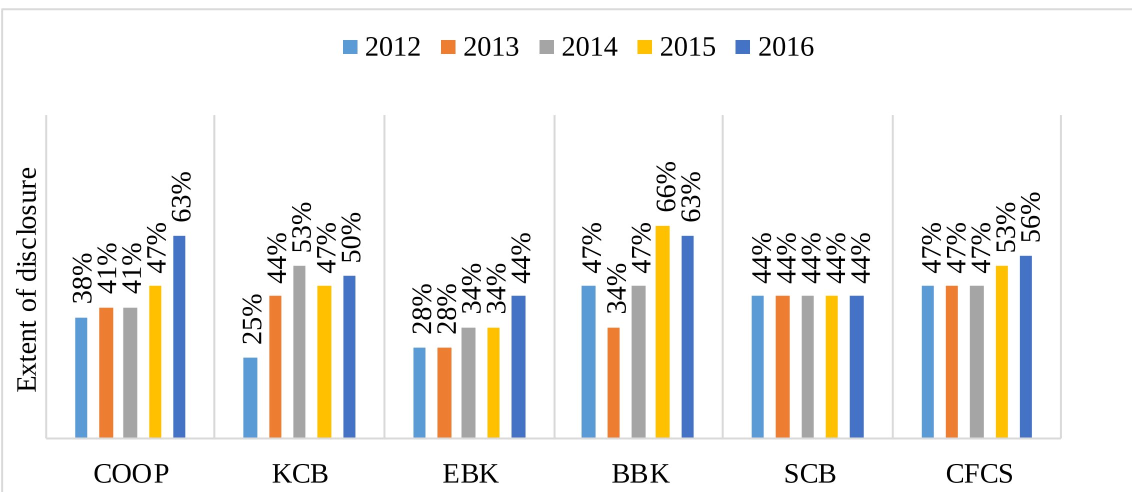
Source: Researcher 2017

Figure 14. Average extent of MD&A disclosure



Source: Researcher 2017

Figure 15: Detail extent of disclosure on MD&A per year per bank

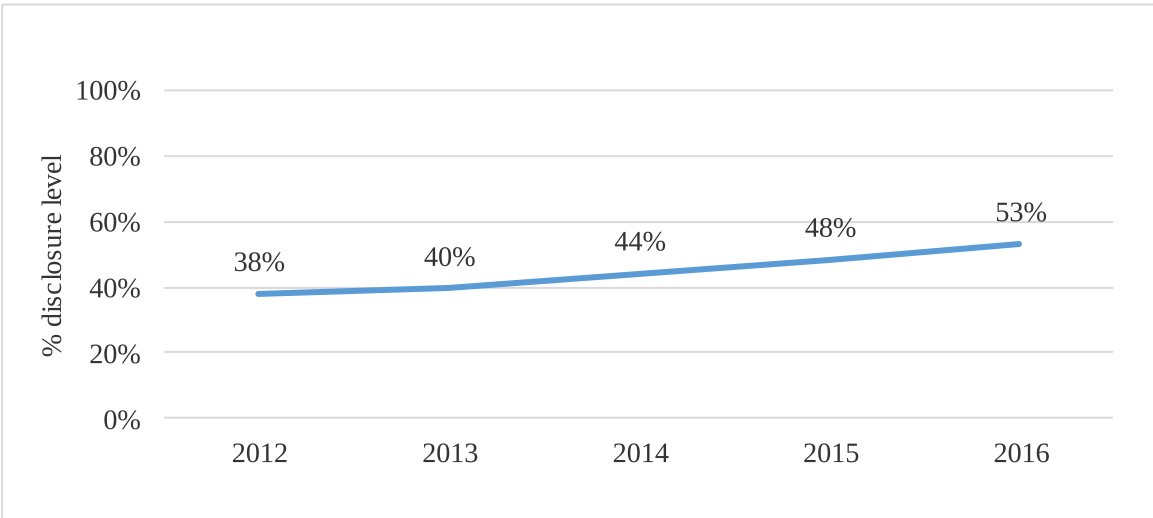


Source: Researcher 2017

2016 financial reports had the highest disclosure level in all the banks except KCB and BBK. KCB score the highest of 53% in 2014 and BBK scored the highest of 66% in 2015. SCB maintained 44% in all the 6 years implying that their report is standardized.

The trend as shown in figure 15, showed all banks disclosure level improved steadily from 2012 to 2016 on MD&A. The average level was 38% in 2012 to 53% in 2016 as shown on figure 16 and this is an indication that there is likelihood of improvement into the future.

Figure 16. Trend of disclosure in MD&A from 2012-2016



Source: Researcher 2017

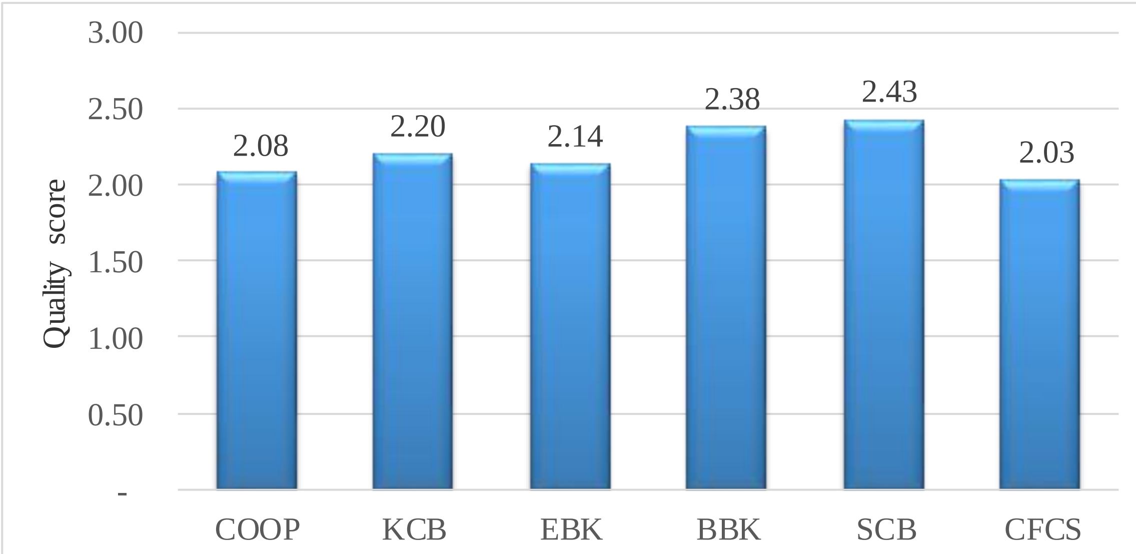
On the quality score large banks averaged 2.21 with SCB scoring the highest at 2.43 and BBK at 2.38. The score improved from 2.02 in 2012 to 2.35 in 2016. Generally all banks disclosure details have improved tremendously with all banks tending towards a maximum score of 3.

Table 7: Quality score of MD&A disclosure

BANK	Quality score on MDA
COOP	2.08
KCB	2.20
EBK	2.14
BBK	2.38
SCB	2.43
CFCS	2.03
Average	**2.21**

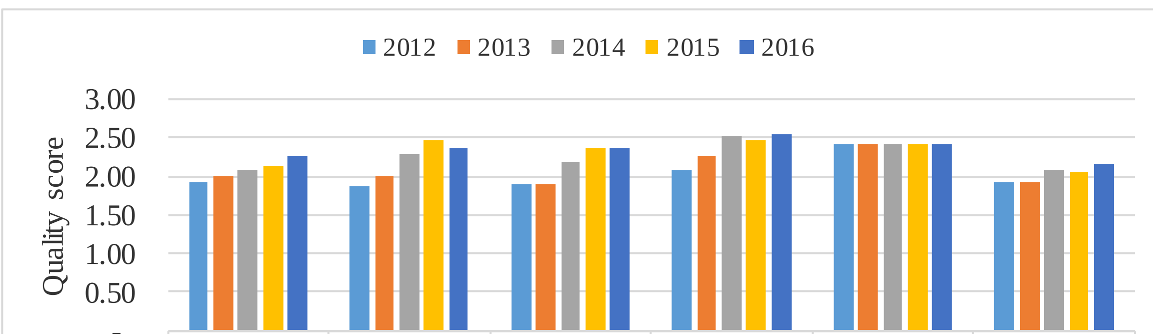
Source: Researcher 2017

Figure 17: Average MD&A score per bank



Source: Researcher 2017

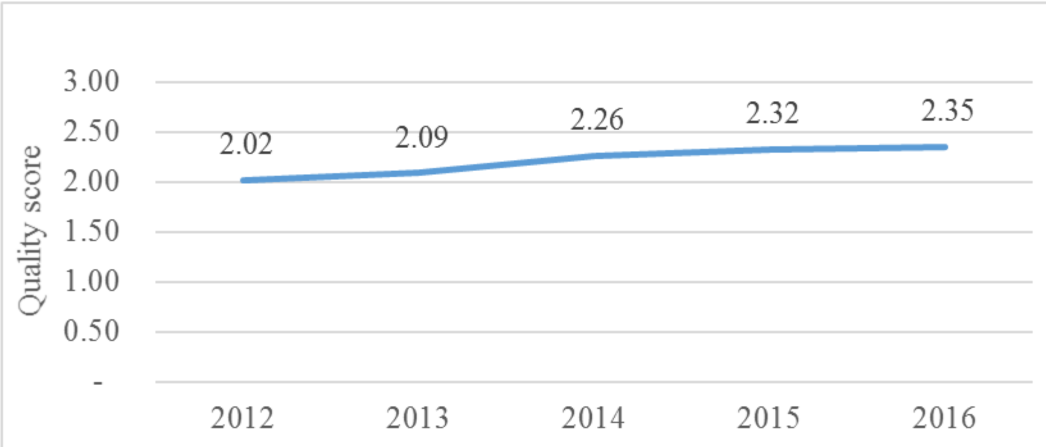
Figure 18: MD&A quality score on disclosed information per year per bank



	COOP	KCB	EBK	BBK	SCB	CFCS
2012	1.92	1.88	1.89	2.07	2.43	1.93
2013	2.00	2.00	1.89	2.27	2.43	1.93
2014	2.08	2.29	2.18	2.53	2.43	2.07
2015	2.13	2.47	2.36	2.48	2.43	2.06
2016	2.25	2.38	2.36	2.55	2.43	2.17

Source: Researcher 2017

Figure 19: Trend on quality of MD&A information from 2012 to 2016



Source: Researcher 2017

4.4.3 Corporate Social Responsibility

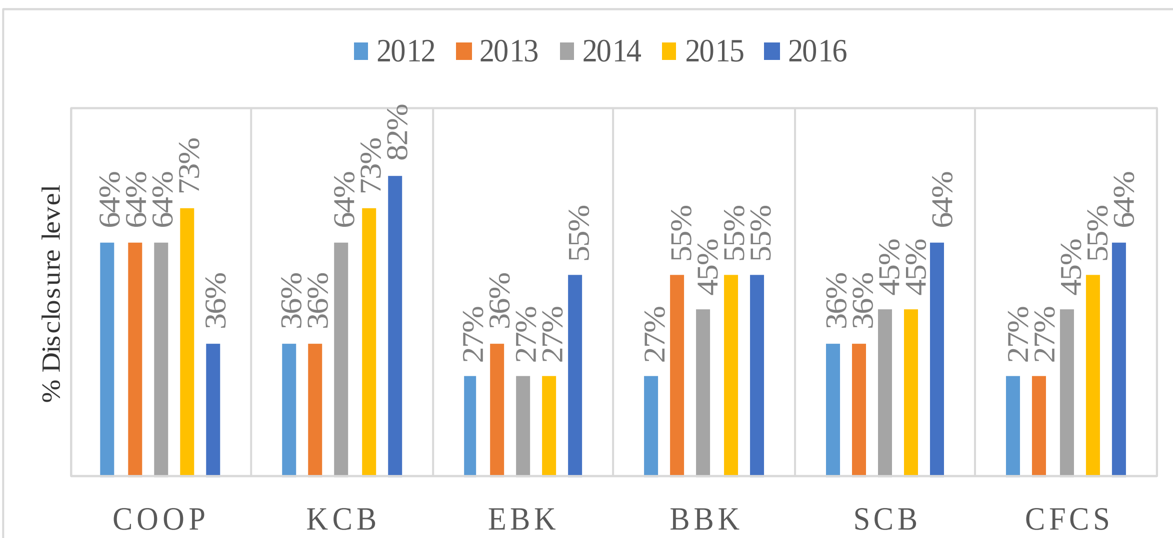
There were a total of 11 items on the CSR disclosure index forming 23.4% of the total disclosure items. Banks disclosed an average of 48% of the total items listed in CSR disclosure index. The items in CSR include employee welfare and production, welfare of society and environmental information. COOP bank scored the highest with an average of 60% followed by KCB with 58%. These two banks achieved higher rate because of disclosing substantial information on employees. All banks disclosed information social and community welfare activities and 5 banks disclosed information on environmental activities. Extent of disclosure improved from 36% in 2012 to 59% in 2016 suggesting that Banks are taking CSR activities seriously, which is key improving their reputation that lead to improved performance.

Table 8: Extent of CSR disclosure

Bank	Average number of items disclosed	CSR extent of disclosure
COOP	6.6	60%
KCB	6.4	58%
EBK	3.8	35%
BBK	5.2	47%
SCB	5.0	45%
CFCS	4.8	44%
Average	**5.3**	**48%**

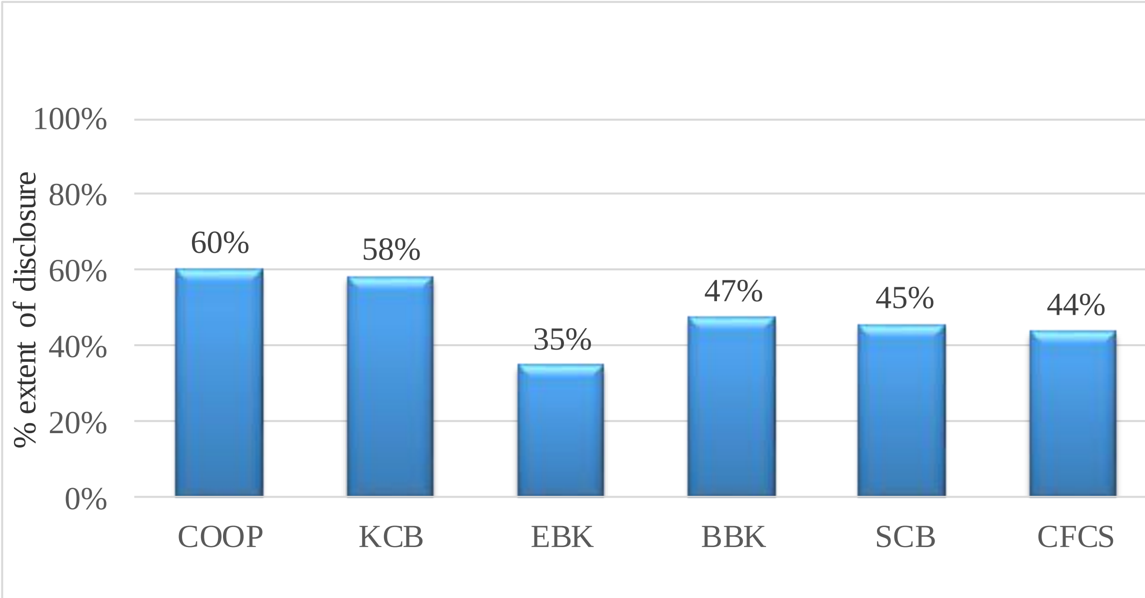
Source: Researcher 2017

Figure 20: Extent of CSR disclosure



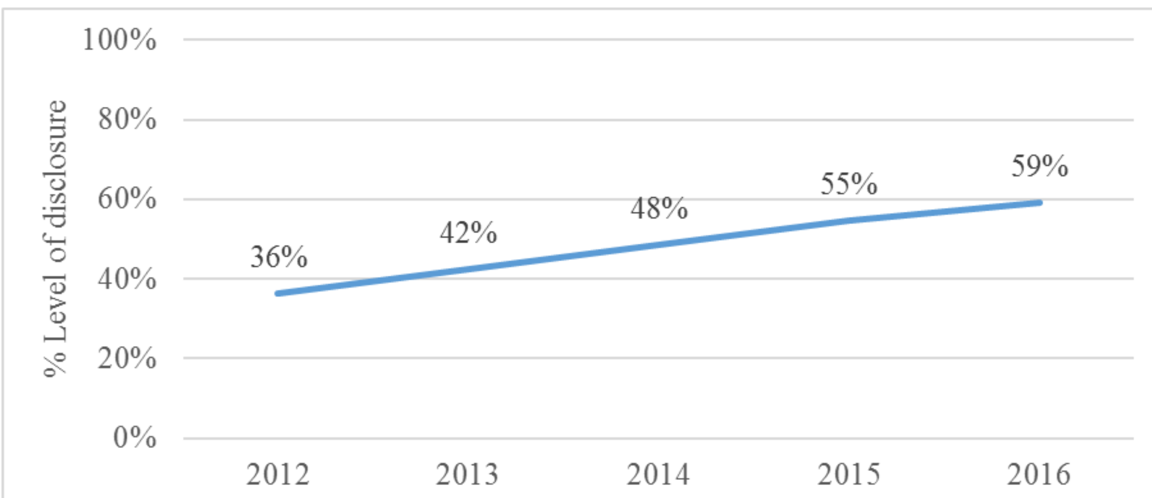
Source: Researcher 2017

Figure 21: Average extent of CSR disclosure per bank



Source: Researcher 2017

Figure 22: Trend on extent of CSR disclosure from 2012 to 2016



Source: Researcher 2017

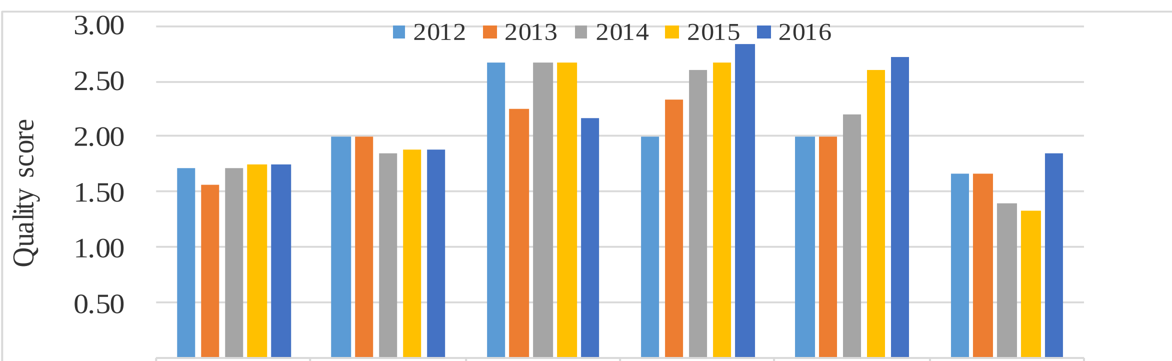
On the measure of detail on the items disclosed on CSR, BBK scored the highest at 2.49 followed by Equity 2.48 and SCB 2.30. BBK are involved in a lot of social welfare, staff welfare and environmental welfare which was well disclosed. BBK strength in being involved in youth programs and lending towards environmental initiatives. SCB was particularly strong in the effect of Stanchart marathon in eradicating blindness and Equity bank in '*wings to fly'* programs in educating and providing employment for the less privileged bright students.

Table 9: CSR quality score

Bank	**CSR extent of disclosure**
COOP	**1.70**
KCB	**1.92**
EBK	**2.48**
BBK	**2.49**
SCB	**2.30**
CFCS	**1.58**
Average	**2.08**

Source: Researcher 2017

Figure 23: CSR disclosure quality score



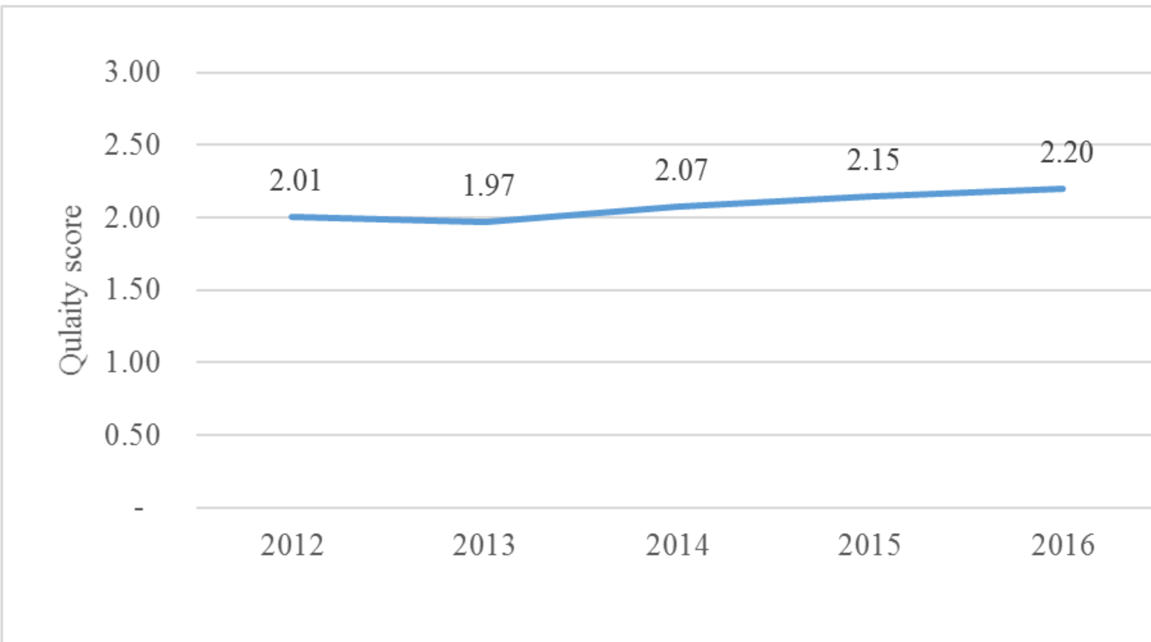
	COOP	KCB	EBK	BBK	SCB	CFCS
2012	1.71	2.00	2.67	2.00	2.00	1.67
2013	1.57	2.00	2.25	2.33	2.00	1.67
2014	1.71	1.86	2.67	2.60	2.20	1.40
2015	1.75	1.88	2.67	2.67	2.60	1.33
2016	1.75	1.89	2.17	2.83	2.71	1.86

Source: Researcher 2017

Figure 24: Average CSR disclosure quality score per bank.

Source: Researcher 2017

Figure 25: CSR quality trend from 2012 to 2016



Source: Researcher 2017

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides the summary of the findings, conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of findings

The study established that large banks disclosure level have been improving steadily which is evident in the results of all the 6 banks averaging of 58% in 2016 compared to 42% in 2012 and this gave an overall average of 49%. As compared to Barako et al (2006) study of voluntary disclosure level from 1992 to 2001, showed that Kenyan listed companies had disclosed between 11% to 30% of the items contained in the disclosure index implying that there high disclosure level now in banks currently compared to year 2001. On quality banks improved from 2.07 in 2012 to 2.33 in 2016 with an average of 2.21. All banks improved the score implying that quality of reports will improve further going into the future. Barclays achieved the highest score of 2.63 therefore their reports can form a benchmark for the other banks.

5.2.1 Information on directors and senior management

The average disclosure level of Information DMGT was 91% which is due to having few items on the disclosure index. Most of the banks disclosed all information on the index except SCB and CFCS which disclosed three out of four items in each of the years under review. Leaving out qualifications and experience of their senior management. Disclosure on directors and management has been consistent in many banks over the years with very minimal additional information to be disclosed. On quality, the average score was 2.41 with a score of 2.28 in 2012 improving steadily to 2.46 from 2014 to 2016. This score indicate that DMGT disclosure contribute significantly to the quality of financial report.

5.2.2 Management Analysis and Discussion

On MD&A the average disclosure level was 45% and this was mainly contributed by banks not disclosing 'forward looking' information perhaps due to competition and also information on market share. On average banks disclosed 38% of items in 2012 growing steadily to 53% in 2016 and on quality score banks scored an overall average of 2.21, which rose from 2.02 in 2012 to 2.35 in 2016 with BBK scoring the highest score in 2016 of 2.55. Considering that 68% of items in the index are in MD&A a score of 2.21 contributes significantly to the overall score of the good quality reporting by the banks.

5.2.3 Corporate social responsibility

On CSR banks provided disclosed information on environmental and social activities but scored poorly on welfare of employees. Some of the banks did not give 2 year information on number of employees, information on health and safety and data on staff turnover. Most of the banks mentioned the information on staff in general terms. On average banks disclosed 36% in 2012 improving to 59% in 2016 giving an average of 48%. On quality score, banks scored an average of 2.08 with a score of 2.01 in 2012 growing to 2.20 in 2016. BBK scored the highest in 2016 of 2.83 and SCB scored 2.71 which implied high quality reports especially issues touching on social and environmental activities.

5.3 Conclusions

An achievement of above a score above 2 in all the three variables means that the voluntary disclosure contributes significantly to the quality of overall annual financial reports. Looking at the trend of disclosure from 2012 to 2016 showed improvement of disclosure level as well quality of information and using the trend to forecast into the future, banks will achieve greater disclosure level in the future to attract more investors and customers. Banks no longer present items in general terms but give details on their activities that contribute to the overall performance of the banks.

DMGT assist the user to have an idea on the stewardship of the organization and quality of directors and management that run the organization therefore a high score and high level of disclosure is important in measuring the corporate governance quality of the organization. Good corporate governance set up will steer the banks to greater performance and this will be communicated through MD&A disclosures, which aids the user in making informed decision.

Banks require to co-exist with the community and the environment for sustainability, and activities that are geared towards these goals legitimizes the company's existence in the community. Human resource plays a key part in achievement of goals of the company and therefore banks should undertake activities that improve on employee well-being which will also attract potential high quality employees. Users of CSR will want to be associated with an organization that is concerned with the community and staff welfare and care of environment which in turn builds companies' reputation. Disclosing all these information in greater detail is more informative and provide greater transparency which to the user is of high quality.

BBK's financial reports for 2016 disclosed information in greater detail which should form a benchmark for other banks and companies' reports.

5.4 Recommendation

Looking at the level of disclosure and the quality scores, it implies that there is some room for improvement. With Information on DMGT achieving an almost 100% disclosure level, banks should continue disclosing this information and come up additional parameters of measuring effectiveness of the board which include contribution of each board member to the performance of the company. MD&A is key in explaining the results and strategies for company performance and forward looking information should be disclosed by banks for users to have an idea of the future prospects of the company. Care must be taken in disclosing this information because of revealing a lot of information that may be used by competition. Detailed forward looking strategies may not necessary but expected profitability and market share can be disclosed. CSR activities is an important parameter for sustainability and banks should be able to improve disclosure on welfare of community, human resources and the environment.

5.5 Limitations of the study

Using disclosure index and the quality score may be subjective because scoring by different analysts may produce different results and the assumptions made are that the higher the scores the better the quality. Quality may be viewed by users differently. These banks may not be willing to disclose some information in the index which in their view reveals a lot of information to competitors. Some of the items my not score highest of 3 because it does not contain quantitative and monetary attachment to it and can only score a maximum of 2.

5.6 Suggestions for further research

Voluntary disclosure related studies have received a lot of attention from many researchers in the past and a few in Kenya and considering the high literacy level of current Kenyan population and tremendous growth in large companies in Kenya which has created a lot of opportunities to study this area. Some suggestions for further study include researching on each of the variable individually, researching on reasons why the banks do not disclose substantial information on forward looking strategies. The research can be expanded to include tier two and tier three banks and companies listed on Nairobi securities exchange. Factors that may affect the level of voluntary disclosure such as size, profitability and corporate governance structure can also be studied and therefore disclosure related researches is wide and can be studied in different perspective.

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APPENDICES

Appendix 1- List of items in the disclosure index

Score 0 to 3 for each of the items per bank

Directors and senior management reports

1 Names and age of directors

2 Academic and professional qualification of directors

3 Business and other work experience of directors

4 Disclosure concerning senior management responsibilities, experience and background

Management Discussion and Analysis

a. General information

1 Information relating to the general outlook of the economy

2 Company's mission, vision, purpose, position, philosophy and values

3 Brief history of the company

4 Organisational structure/chart

5 Description of major services and products

6 Description of marketing networks for products and services

7 Company's contribution to the national economy

8 Company's current business strategy

9 Likely effect of business strategy on current performance

10 Market share analysis

11 Disclosure relating to competition in the industry

12 Discussion about regional branch set up and expansion

13 Information about regional economic and political stability

14 Additional information on risk management

15 Information on activities and operations of business units and branches

b. Analysis financial data

16 Historical summary of financial data for the last 5 years or over

17 Review of current financial results and discussion of major factors underlying performance

18 Statement concerning wealth created e.g. value added statement/segment

19 Supplementary inflation adjusted financial statement

20 Return on assets

21 Return on shareholders' funds

22 Liquidity ratios

23 Gearing ratios

c. Forward-looking information

24 Factors that may affect future performance

25 Likely effect of business strategy on future performance

26 New product/service development

27 Planned capital expenditure

28 planned research and development expenditure

29 Planned advertising and publicity expenditure

30 Earnings per share forecast

31 Sales revenue forecast

32 Profit forecast

Corporate Social responsibility

1 Statement of corporate social responsibility

a. Employee welfare

2 Number of employees for the last two or more years

3 Reasons for change in employee number

4 Productivity per employee

5 Other productivity indicators

6 Indication of employee morale e.g. turnover, strikes and absenteeism

7 Other staff welfare activities-HIV, sports, traing, disability

8 Information about employee workplace safety

9 Data on workplace accidents

b. Social reports

10 Information on community involvement/participation

c. Environmental reports

11 Environmental projects/activities undertaken

TOTAL 47 ITEMS