

**DRIVERS OF INTEGRATED CORPORATE REPORTING BY LISTED
ENTITIES IN KENYA**

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DECLARATION

I do declare this research dissertation to be my original academic work that has not been presented for a degree award in any other university. I also declare that, this dissertation contains no materials written or published by other people except where due reference is made and author duly acknowledged

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ABSTRACT

The voluntary choice to issue an integrated reporting is at the disposal of managers. Managers in diverse environments perform differently, by producing dissimilar kinds of sustainability information. There being voluntary disclosures evolving in separate strands in Kenya, there is need to come up with a uniform framework for integrated reporting among firms to promote uniformity and comparability among their corporate reports. The study focused on the examination of non-financial voluntary disclosure with an additional investigation on the Integrated Reporting and its drivers within the corporate disclosure. Specifically, antecedent studies have suggested positive connection between corporate reporting and; board expertise, stakeholders' interest, regulatory framework, and size of the firm. Theoretical framework of integrated reporting is anchored on stakeholders' theory, signaling theory and Institutional theory, and proposes a contrast of the main frameworks offered within the relevant literature. Analysis of the literature reveals stakeholders' interests, regulatory framework, board expertise and the size of the firm have had an effect on the level of integrated corporate reporting disclosure. The end of the dissertation focuses on analyzing how each driver influences level of disclosure among firms listed at NSE. A sample of eleven firms was selected among the listed entities in Kenya and its integrated reports analyzed for a span of five years beginning the year 2013 to 2017. The findings, analyzed by use of statistical package for social science, (SPSS), showed a significant relationship between corporate reporting and regulatory framework, and stakeholders interest, negligible between integrated corporate reporting and company size and no direct relationship between integrated corporate reporting and board expertise. The expected findings are expected to be a key resource to policy makers in their quest towards coming up with integrated corporate reporting framework.

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DEDICATION

I dedicate this thesis to my late father Javan Evelia Olwugi who made it known to me that the best kind of education and knowledge to have is that learned for its own sake. It is also dedicated to my mother, Azibeta Muhonja Evelia, who trained me that even the largest and most difficult task can be accomplished only if it is done one step at a time. Thank you for making a positive impact in my academic and general life. To Ainsley Lakicia, God bless you abundantly, I was at peace through this work due to your presence.

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ACRONYMS AND OBSERVATIONS

ACCA	Association of Chartered Certified Accountants
AICPA	American Institute of Certified Public Accountants
AIMS	Alternative Investment Market Segment
ASEA	Africa Securities Exchange Association
BRT	Business Round Table
CDP	Carbon Disclosure Project
CMA	Capital Market Authority
CSR	Community Social Responsibility
EASEA	East African Securities Exchanges Association
EGSEE	Economic, Governance, Environmental, Social and Ethics
ESG	Environmental, Social and Governance
ESP	Economic, Sustainability and Performance
ETS	Electronic Trading System
FASB	Financial Accounting Standards Board
FISMS	Fixed Income Securities Market Segment
FOMS	Futures and Options Market Segment
GRI	Global Reporting Initiative
GDP	Gross Domestic Product
IASB	International Accounting Standards Board
IFAC	International Federations of Accountants
ICAEW	Institute of Chartered Accountants in England and Wales
IFRS	International Financial Reporting Standards

ICPAK	Institute of Certified Public Accountants in Kenya
ICPAU	Institute of Certified Public Accountants in Uganda
IIRC	International Integration Reporting Council
IIRF	International Integrated Reporting Framework
IRCSA	Integrated Reporting Committee of South Africa
KNBS	Kenya National Bureau of Statistics
KPMG	Klynveld Peat Marwick Goerdeler
KPI	Key Performance Indicators
MIMS	Main Investment Market Segment
RBA	Retirement Benefits Authority
SAC	Singapore Accountancy Commission
UNEP	United Nations Environmental Programme
UNGC	United Nations Global Compact
WICI	World Intellectual Capital Initiative
WFE	World Federation Exchange
WAN	Wide Area Network

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Integrated corporate reporting is communication of both financial and sustainability information of an entity together (Ernst & Young, 2014). The evolution of integrated reporting is an emergence of corporate reporting that is based on the tenets of governance, management, financial, remuneration and commentary, and sustainability disclosure in a way demonstrating their interdependence (Eccles, 2014). In 2009, there was dissemination of South Africa's King III Code of Governance Principles that urged the firms to construct and circulate integrated corporate reports hence became listing prerequisite by Johannesburg Securities Exchange in the year 2010 causing South Africa to be the first state to embrace integrated reporting as a requirement (King Committee on Governance, 2011). This prompted the formation of the Integrated Reporting Committee of South Africa (IRCSA) with the objective to come up with guidelines on best practice on integrated reporting (Global Reporting Initiative, 2012).

In August 2010 the Prince's accounting for Sustainability Project (A4S) and the Global Reporting Initiative (GRI) proclaimed the genesis of the International Integrated Reporting Committee (IIRC) objectively to create an International Integrated Reporting Framework (IIRF). The IIRF would be a structure that directs companies on transmitting the kind information required by stakeholders to assess the company's long-term prospects in a clear, connected, comparable and concise (Unerman, 2010).

1.1.1. Integrated Corporate Reporting

Integrated Reporting and its Adaption

The IIRC Framework was issued in December 2013 and provided companies with a beginning point for driving integrated reporting (IIRC, 2013). Integration in the corporate reporting is

meant to report on both financial performance and sustainability of a firm (Edwards, 2005). Business reporting models have to be reviewed, as there are major changes and dynamism in the way businesses are administered, how enterprise cause value and the frame of reference in which business operates in an economy. These changes are interdependent and reflect trends such as: governance, growing policy activity around the world in response to financial and other critical points; and elevation of expectations of corporate transparency and the answerability, true and possible scarcity of resource and ecosystem concerns (Edwards, 2014). On this background, the kind of information needed to assess both the past and current performance of organizations and their future flexibility is much wider compared to what is being provided for by the existing business reporting models.

On international scene, Japan is one of the countries with successful financial reporting framework (KPMG, 2016). Introduction of corporate governance and stewardship codes has assisted to unlock the deep value of Japanese companies, which are the most innovative in the world (Lewis, 2016). This has created increased understanding between management and investors boosting trust and inspiring the long term prospects of the firms. The cordial investor-management relationship is a product of integrated reporting which put value creation in several forms including financial, intellectual, human, and social environment in their strategy and decision making. The Government Corporate Reporting Lab of Japan reported 252 integrated reports from Japan Listed companies in the year 2015 with the number expected to go up to 320 in 2017.

United States of America (USA) integrated reporting is anchored on climatic change, environment management, hazardous waste management , water use and disposal, product formulations, human rights, employment and ethics (Integrated Financial and Sustainability

Reporting in the United States, 2014). Although integrated reporting is still low in USA at 1.4%, at least 68% of firms are making progress towards it making it common at disclosure level (ACCA, 2015). This has made USA one of the states to become keen on environment conservation and companies have put in measures to reduce carbon emission as per the governance disclosure requirements under the famous Sarbanes-Oxley Act of 2002 that came into force as a result of collapse of companies like Enron and WorldCom (Curtis, 2014). The act requires the companies to annually disclose whether they have adapted the code of conduct and the reasons to if not. Listed US firms are also required to report on their environmental performance under the Securities and Exchange Commission regulations.

In 2014, a significant shift in Australian corporate reporting occurred (KPMG, 2014). This took reporting beyond its traditional emphasis on compliance; that entailed effective disclosure of financial and operating review, clarifying requirements for report of directors, disclosure of company's business strategies and risks, and future prospects of the company (ACCA, 2016). A research was carried out jointly by ACCA global and Net Balance foundation in 2015 with aim of providing an overview of integrated reporting and emerging reporting frameworks in Australia. The report considered disclosure on managing human risks, supply chain sustainability, social investment, corporate governance, anti-bribery and corruption, human capital management and climate change. More than 66% of the surveyed companies had adapted the integrated reporting. This resulted to companies adapting long term planning in their operations and also assisted in setting up a road map for Australia's listed companies to achieve integrated reporting (Feng, 2016).

In Singapore, sustainable reporting guide was put in place in 2016 to enable the country align its corporate reporting to the International Integrated Reporting Framework of 2013

(ICPAU, 2015). As a result, 236 companies by 2016 were able to address the changing information needs of stakeholders. However, analysts say it will need to be revisited in future since despite providing more information, it doesn't allow creation of value over time due to absence of sustainability information (Singapore Accountancy Commission, 2016).

In Kenya, National Reporting framework for IFRS has been adapted fully. Institute of Certified Public Accountants of Kenya (ICPAK) is mandated to regulate activities of accountants and come up with a framework for accounting and corporate reporting (ICPAK, 2011). IFRSs have been incorporated in various laws governing reporting by ICPAK by developing close work relationship and dialogue with various players including government, parliament and regulators (www.icpak.com, 2015). Among the stakeholders consulted by ICPAK to develop guidelines include, the Central Bank of Kenya, Regulation Authorities such as Capital Market Authorities (CMA), Retirement Benefits Authority (RBA), leading audit firms and Nairobi Securities Exchange (NSE) (Business daily, January 9, 2018). ICPAK has been given jurisdiction profile to task with overseeing implementation of IFRS (www.apsea.or.ke, 2015). ICPAK has anchored Integrated reporting framework on six capitals namely manufactured capital, intellectual capital, social capital, financial capital, natural capital and human capital. The principles guiding integrated corporate reporting include strategic focus and future orientation, information connectivity, materiality concept, stakeholder's relationships, reliability, conciseness and completeness, and comparability and consistency of corporate information (ICPAK, 2015). Integrated reporting has enabled companies realize the socio-economic impact on their operations. Everyone involved in developing the reports have a common understanding of a firm's vision, its business imperatives and stake holders' expectations unlike in the past.

Drivers of Integrated Corporate Reporting

Many studies have been done on integrated reporting and the factors driving it. Various authors, academicians and professional bodies have researched on integrated corporate reporting thereby unearthing the contents and more so, how the third estate relate to its process and results.

The boards of directors have been found to have an effect on the way a company carries out its corporate reporting. Audit and risk board committees have a mandate of overseeing company systems, oversight of risk, internal and external audit, compliance and financial risk (Epstein, 2008), nominations board committee on other hand oversees the performance of the board, individual directors and board committees as well as succession planning (Sainty, 2014) and Human Resource Committee that is tasked with training, development and succession planning of firm's senior management (Berenson, 1999). To effectively carry out this mandate, board expertise is brought on board. Their independence is externally assessed in line with recommended King III guidelines. This arrangement suggests that activities and composition of the board have a direct influence on integrated corporate reporting

Stakeholders' engagement demands the firm to always communicate their strategy and activities to shareholders, and maintain active dialogue with investors through an investor relations program (Eisenhardt, 2012). With reporters aiming at providing reasonable and changing information needs of providers of financial capital and other key stakeholders, it is implied that, stakeholders have an impact on how integrated report is conveyed.

Larger entities are required to disclose more because they undertake more activities, receive more attention from the general public and make a greater impact on society (Batra, 2014). Therefore, they need to exhibit greater corporate social responsibility and improve on

their business image due to their higher visibility. Bigger entities also have more demands from various stakeholder segments to disclose their social activities. It therefore anticipated that the business size will have an influence on the CSR disclosure, of which is an element of the integrated report. It was revealed that bigger entities reveal CSR information to a bigger extent than smaller ones (Aras, 2010). The firm size can be represented by total assets, net sales and market capitalization. The three measures have been employed frequently in foregoing studies to establish the associational connection between the level of disclosure in corporate annual reports and corporate size (Wallace & Naser, 2015). Also, it is illustrated that sales and asset size are internally determined measures whereas market capitalization represents an externally determined measure of a firm's importance as seen by the investing public.

The ever evolving regulatory requirements and augmented supervisory expectations have altered the way organizations look at regulatory reporting. It is no longer an exercise performed by a department; rather it has shifted to being a tactical-level idea viewed as a value-based venture (Silverman, 2010). Market operators and regulators are playing a very important role in encouraging best corporate governance and transparency by requiring firms listed on their exchanges or under their jurisdiction to fulfill certain standards (Gendron et al., 2013). Lately, investors and market analysts are demanding disclosure of a firm's sustainability impacts, risks and performance beside financial data. This information is more material in assessing a firm's value, and shows a more comprehensive picture of its health and resilience. The accessibility of such data enables sound decisions to be made by firms' regulators and investors, and contributes to the advancement of a sustainable economy globally. This clearly indicates that regulatory framework plays a role in shaping integrated corporate reporting.

Nairobi Stock Exchange (NSE)

The NSE one of the leading African Exchange, based in Nairobi Kenya. Founded in 1954, NSE has a six-decade heritage in listing debt and equity securities. It offers a distinct world class trading facility for international and local investors looking to gain exposure on the Africa's economic growth. NSE changed from being members owned and self-listed in 2014. Its Board and management team are made up of some of leading capital markets professionals, focused on innovation, operational and diversification excellence in the Exchange (NSE, 2018). NSE functions under the authority of the Capital Markets Authority of Kenya (CMA). It is a full member of the World Federation of Exchange (WFE), East African Securities Exchanges Association (EASEA) and African Securities Exchanges Association (ASEA) (CMA, 2016). In 2001, capital market in Kenya was reformed and divided into four independent market segments: The Main Investments Market Segment (MIMS), the Fixed Income Securities Market Segment (FISMS), the Alternative Investments Market Segment (AIMS) and later Futures and Options Market Segment (FOMS) (CMA, 2016).

NSE is the Africa's fourth largest stock exchange in trading volumes, and fifth in market capitalization as a proportion of GDP (Ondari, 2012). The Exchange works in cooperation with the Uganda Securities Exchange and the Dar-er-Salaam Stock Exchange, including the cross listing of a variety of equities. The exchange has pre-market sessions from 0900hrs to 0930hrs and normal trading sessions from 0930hrs to 1500hrs on all business days of the week (NSE, 2018). It's trading floor and offices are located at the Nation Centre along, Kimathi Street. Its transactions are done via the Electronic Trading System (ETS), commissioned in 2006. With a Wide Area Network (WAN) platform being implemented in year 2007, this eliminated the need for brokers to sending dealers to the trading floor to carry out business. Currently, trading is

mostly done from the brokers' premises through the WAN. Under certain circumstances, brokers can still trade from the floor of the NSE.

Listed firms in Kenya are obligated to generate quarterly and half year financial reports as well as audited reports every year. Financial statements are to be prepared and presented as per the International Financial Reporting Standards (IFRS) and also audited using International Standards on Auditing (ISA). ICPAK together with the NSE and CMA have established the Financial Reporting Award (FiRe) that reviews the annual reports of participating firms and awards those firms that most comply with IFRS. Additionally, the CMA Guidelines as well encourage firms to disclose extra information on directors and management remuneration (Mmbone, 2012).

1.1.2. Listed Entities in Kenya

As at 30th June 2016, listed firms at the NSE numbered 65 and grouped into 13 sectors. Commercial and service Sector and Banking sector are the largest sectors represented with 17% each of the total firms quoted at the NSE followed by manufacturing and Allied with 11%. Investment services, Telecommunication and Technology, Real Estate Investment Trust and Exchange Trade fund sectors are the lowest each with 1.54% each of the total firms quoted. Other sectors represented at NSE include; Agricultural sector by 11%, automobiles and accessories by 3%, construction and allied by 7.69%, energy and petroleum by 7.69%, Insurance sector by 9.23% and investment by 7.69% of the population (KNBS, 2017).

Corporate reporting, especially yearly reports, are a vital tool in communicating fundamental information on a firm's financial and non-financial information (Barako, 2007). Decision makers and potential investors in Kenya obtain key information on trading activities of listed firms at the NSE through analyzing their annual reports and other updates from the

CMA. Through offsite and onsite market examination, CMA strengthens investor's assurance by ensuring regulations, rules and requirements for trade are adhered to and market integrity is supported. These translate to orderly, efficient and fair markets in Kenya. This regulatory framework makes NSE an effective and good platform to determine performance of firms, especially those that are publicly scrutinized.

1.2. Statement of the Problem

In order to produce an efficient integrated report, firms should adhere to key principles of integrated reporting. The key principles include future orientation and strategic focus, Information connectivity, Responsiveness of the stakeholder, Materiality and conciseness, Reliability and completeness and Consistency and comparability (IIRC, 2013). Developments in commerce worldwide, mainly in relative to sustainable development signify the importance for firms to integrate sustainability position into their corporate reporting (Okaro, 2014). The accountability side of firms is incomplete without the reporting mechanism, hence the delivery of sustainability reports and incorporation of sustainability disclosures in corporate annual reports. The composition of sustainability reports into corporate annual reports among Kenyan companies has received considerable attention in recent years (Ondari, 2015). It was observed that sustainability reporting is voluntarily by listed firms hence reporting deficient as firms were not guided by any legislation on what to report (Mmbone, 2012).

The answerability that financial results of firms communicate is a very important aspect of their clearness that cannot be ignored: but financial results alone can't communicate a firm's environmental and social impacts. These impacts are re-describing the meaning of trade value. Therefore, to improve the composition of sustainability reports, external pressures from regulators, board expertise and stakeholder's, and organizational context in terms of size have roles to play in the transformation process (Odwyer et al., 2011).

The question begging for answers is how these factors can be assessed. There has been little discussion on corporate sustainability reporting emanating from conformity to external pressures and organizational contexts in Kenya. Firms could be influenced by players in their organizational field like stock market regulators, industry based sustainability reporting requirements, firms in the industry that are successful - in terms of their size, profit, foreign presence, professional accounting firms, industry affiliation, membership of external bodies that administer sustainability like United Nations Global Compact (UNGC), United Nations Environment Programme (UNEP) and they gradually become consistent to them.

Sustainability reporting could also be affected by the organizational process or context depicted by attitudes of key decision makers, stakeholder engagement, board of directors' committee on sustainability issues, assurance and sustainability framework. Another issue is whether the organizational situation leads to more or less sustainability reporting, or, whether they result to situations where businesses report on sustainability devoid of improving on their internal processes. This kind of situation creates a decoupling between sustainability reporting and internal processes, and could result in less accountability from sustainability reporting and disclosures.

The nature of these pressures may differ across dissimilar geographical and corporate contexts. So, it is necessary to examine the internal and external contexts and how the pressures located there influence a firm to engage in sustainability reporting given that businesses operate in different organizational fields. Researchers advocate that there is need to approach the research on the sustainability reporting or any of its variants by engaging with business organizations (Hossain *et al.*, 2013; Parker, 2005). This research approach might reveal the attitudes and internal contexts of reporting as well as how key decision makers view the

external pressures influencing what organizations report. There is an additional need to interpret how the organizational field, board expertise, size of the firm, regulatory framework and stakeholders' interest influences what firms report. The role played by these factors will be of great consideration since each has distinct roles and mandates. While regulators and boards of directors are there to protect the investors, the professional bodies and the management have their role of controlling the activities of members and profession respectively. Identifying the best drivers will be a great stride towards forming a common path towards integrated corporate reporting.

1.3. Research Objectives

1.3.1. General Objective

To establish the drivers of integrated corporate reporting by Listed Entities in Kenya.

1.3.2. Specific Objectives

- i. To determine the effect of stakeholder's interest on integrated reporting by listed entities in Kenya
- ii. To ascertain the effect of the current regulatory framework on integrated reporting by listed entities in Kenya
- iii. To establish the effect of board expertise on integrated reporting by firms listed entities in Kenya
- iv. To determine the effect of size of the firm on integrated reporting by listed entities in Kenya

1.4. Research Questions

The research attempted to answer the following questions:

- i. How does stakeholders interest drive integrated reporting among listed companies in Kenya?
- ii. How does current regulatory framework drive integrated reporting among listed companies in Kenya?
- iii. How does board expertise drive integrated reporting among listed companies in Kenya?
- iv. How does size of the firm drive integrated reporting among listed companies in Kenya?

1.5. Justification of the Study

Integrated reporting has come with challenges of non-uniformity in reporting across institutions. Moreover, auditors have found it a challenge to assure the shareholders on strategy section with key indicators of performance, integrated thinking underlying the reports and on progressive information. Since there can't be more than one report from an auditor, it does not make sense to have a standalone statement for financial audit and another separate statement for sustainability report (ACCA, 2017).

The motivation of the study was to establish drivers of corporate reporting that integrates both financial and non-reporting, which brings together the material information about an organization's plan, control, performance and expectations in a way that reflects the social, commercial and environmental context from its operation point. It provides a clear representation on how an organization demonstrates stewardship and creates value for the current period and in the future days. Integrated Corporate Reporting brings together the mainly material elements of information presently reported in separate reporting strands. The drivers of convergence under consideration were those that result to total disclosure, value creation over time, environmental reports and community social responsibility data among others. This is the only way informed decisions can be made by the investors in regards to their investments. To

ensure complete information, there is need to identify KPIs that will be used in drawing up a framework that will guide the process of integrated corporate reporting.

1.6. Significance of the Study

1.6.1 Significance to stakeholders

This study was relevant to stakeholders who found the information very useful and informative in their quest of decision making. Today, more investors demand non-financial data when screening a firm. It also contributed to the body of literature by identifying investor information needs, identify key challenges to widespread integrated reporting, adoption, and make recommendations on how the challenges may be overcome. Integration ensures improvement in level of disclosures creating consistency and level field in corporate reporting, in terms of format and content. This adds value to a firm by highlighting how its ethical values drive the long term growth of the company.

1.6.2 Significance to Academia

Identifying drivers of corporate reporting convergence is a big step towards putting in mechanism to train, educate and impact knowledge on players in corporate reporting with aim of creating reports with similar content and format. This study assisted in easing comparability, contributed towards convergence in reporting with other countries and ensuring all relevant information is captured hence available for shareholders. Further, during the process of adaption, it was uniform across all the across all entities in the country. Players in accounting field like auditors, accountants and others now have a framework that will guide them in their duties without altering their scope of duty or liability.

1.7. Scope of the Study

The geographical scope of this research covered all firms listed at the Nairobi Security Exchange for the period of January 2016 to June 2017. Only the firms that had selected to report according to integrated reporting framework were assessed in this study. To apprehend the drivers of the integrated reporting framework has on the quality of corporate reporting, reports issued from year beginning 2013 to the year ending June 2017 were studied. The disclosure index employed to evaluate the reporting on the relevant drivers of integrated reporting disclosures is founded on the external sustainability framework Global Reporting Initiative.

Ancient sustainability reporting incorporated the effect a firm's actions have on the society, economy and environment. This study was therefore limited to examine the relationship between the stakeholders' interest, current regulatory framework, board expertise and size of the firm as drivers of integrated corporate reporting. The integrated reporting framework does not need the integrated report to be a single document, i.e. a firm that authors an integrated report can publish a separate stand-alone sustainability report. On this ground, the reports examined were sustainability reports, integrated reports and annual reports. To ensure that all firms were evaluated on level ground and equal terms, additional reports were disregarded.

CHAPTER TWO: LITERATURE REVIEW

2.1.Introduction

The chapter contains three parts; the first part explains the main disclosure theories, and link between these theories and drivers of corporate reporting. The second part will review the previous studies by other authors on the drivers of convergence and how the link to one another and the third part will demonstrate the relationship between the variables.

2.2.Theoretical Review

A theory is defined as a set of knowledge or scientifically acceptable principles offered to explain phenomena (Christensen & Demski, 2003). There are various theories which explain the motivation of companies' to disclose information, for example signaling, agency costs, information asymmetry, political costs, proprietary costs, capital need, cultural, stakeholder and legitimacy theories. The theories give a foundation to analyze the various non-financial and financial aspects of sustainability performance and their integrated outcome in creating common value for all the stakeholders. These theories are reviewed here;

2.2.1. Stakeholder Theory

In 1983, Edward Freeman originated the stakeholder theory. Stakeholder theory proposes that the motive of a business is to increase value for stakeholders. In order to prosper and be sustainable over time, executives are obliged keep the interests of suppliers, customers, shareholders, employees and communities aligned and going in the same direction.

Stakeholders have a complimentary interaction and relationship with the establishment in the impression that they provide the firm's financial worth generation, and the firm's performance impacts on their welfare. Jensen's (2001) and Freeman's (1984) stakeholder

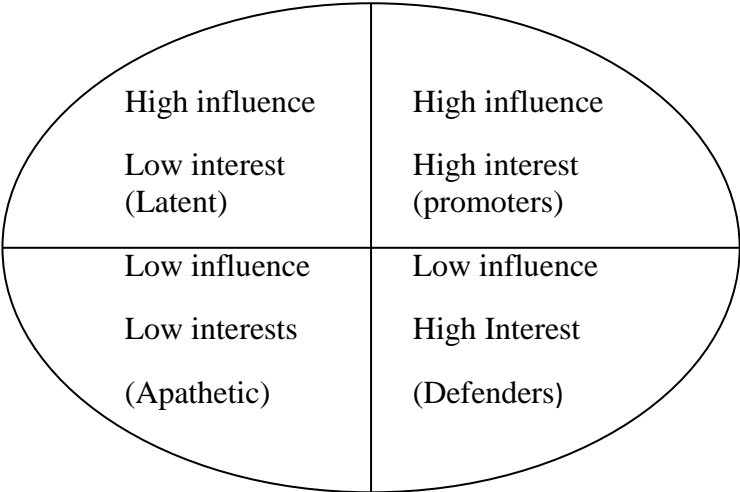
theory improved value maximization theory by appreciating development of sustainable performance and the long-term financial value of the firm as a benchmark for harmonizing interests of all stakeholders. In the context of stakeholder welfare maximization and shareholder wealth maximization, non-financial environmental social and governance viable activities both create conflicts. Stakeholder theory advocates that performance and sustainability activities strengthen the long-term value of the firm by improving their reputation (Weber, 2008), reaching up to their environmental obligations (Clarkson et al., 2011), and accomplishing the firm's social responsibilities (Campbell, 2007). However, these viable activities may lack ample resource for its implementation that could dispute with wealth maximization purpose for shareholder and force executive to singly invest in enterprises that would lead to long-term financial viability.

Stakeholders' theory has been criticized for failing to offer a correct definition of the composition of stakeholders. This has led to real stakeholders not benefiting from firm activities (Clark, 2014). This includes animals and plants whose production is normally tested on them before being applied on human beings. If the definitions of stakeholders include non-human beings, the stakeholders' theory loses meaning. Additionally, while the shareholder's returns are wealth maximization, the theory has failed to clearly state the reward entitled to the no-shareholders stakeholders (Clark, 2014).

Stakeholder theory is alluded to all managerial operations in the impression that the synergy and combination amid all aspects of the business model and its mechanisms are essential in attaining overall viable performance objectives (Freeman, 2010). From the stakeholder's context, an establishment is considered as a segment of the social structure made up of categories that work unison to achieve the system targets. Nevertheless, management may

put behavioral practices in place to develop sustainability accomplishments that benefit specific shareholders who have the capability to influence on its compensation. It has been contended that management’s deliberation of stakeholders’ interests is an important determinant of attention on environmental and social sustainability disclosures and performance (Cormier, 2005). The application of the theory to management operations propose that a firm should be sighted as a middle ground of all segments of a firm’s managerial operations, including processes and operations and logistics, customer interface finished and products, services and channels of distribution, which are brought together to accomplish sustainability accomplishment in all the five process of integrating governance, economic, environmental and social ethics (EGSEE) dimensions.

Figure 2. 1 Stakeholders' Relationship



(Kothari, 2014)

2.2.2. Signaling Theory

Signaling theory was born in early 1970’s and is based on research contributions by Spence (1973) and Arrow (1972). Signaling theory proposes that firms should disclose the information by the use of several mandatory financial reports on their ESP and by voluntary reporting of

non-financial ESG sustainability performance to distinguish themselves from less sustainable companies. The signaling theory also suggests that firms should advocate for their better sustainability information and adequately communicate with all the stakeholders to construct a brand and develop a nice reputation for them. The link expected, however, between a company's discretionary non-financial viability performance reporting and the applicability of these signals is vague. Companies' discretionary reporting may be seen as a supplement to signal information on foreseen future firm performance (Hubbard, 2008). Also, the signaling systems could be substitutes, implying a negative affiliation between voluntary disclosures and the use of the signals (Grinblatt & Hwang, 1989). Signaling theory prompts business firms to interact with the stakeholders in regards to the integration, synergy and resource dependency of various segments and send a homogeneous signal to achieve both non-financial ESG dimensions of sustainability performance and financial ESP and (Connelly et al., 2011; Dainelli et al., 2013).

A few studies confirm the above hypothesis most firms have something to gain from signaling their competitive advantage via more and better communications (Wallace, 2012). On the contrary, some studies found no relationship between level of corporate disclosure and reputation building of a firm (Raffournier, 2009) and even some suggesting inverse relationship (Naser, 1995).

In conclusion, signaling theory assists in explaining management motivation for achieving both non-financial ESG and financial ESP dimensions of viable performance and investors' behavior to the disclosure of information on the sustainability performance (Grinblatt et al., 2000).

2.2.3. Institutional Theory

The symposium journal that was published by Rowan and Meyer (1977) set the ground work for the employment of institutional theory to individual politics (Edelman, 1992), to international and domestic policies of the governmental (Strang, 1990), and to the establishment of organizational forms and goals (DiMaggio, 1991). The institutional theory is anchored on the role of influences in regulations in process of making decisions that influence the structure of organizational and bids a framework structure that can be important in solving many challenges, issues and conditions that result the network to institutionalization. It has a focal point on the social facet of decision-making i.e. CSR expenditures, the terms under which the investment verdicts on CSR or environmental resourcefulness are made, and their possible impacts on the society and environment.

Institutional theory looks at a firm as an institutional formed of varied individuals and groups with central interests, rules, values, practices and transaction governance that can become standardized. it was noted that institutional theory assists to understand how unison is built on the definition of sustainability and how the practices associated with viability are established and diffused in the organizations (Jennings, 2015). Institutional theory focuses basically on the practicality, legitimacy, rationalization and the aspects of social framework and related techniques in establishing code of conduct and good practices in agreement with applicable rules, laws, standards and norms. A more efficient institutional theory bolster business viability by viewing an organization as an institution to serve needs of people and guard their interests (Barako, 2007). Institutional theory has been criticized in that it places a marvelous amount of obligations on management to comply to the norms, requirements or

rules. High level of obligations can prove to be detrimental to the organization since it can inhibit adaptability, creativity and diversity within a particular field (Feinberg, 2009).

An organization remains sustainable so long as it creates worthiness for all stakeholders. Thus, the allusion of institutional theory for boosting sustainability of the business is that environmental and social initiatives, measures of ethical practices and corporate governance will eventually come to a level of legalization and good practices that failure to be adopted will be viewed as irrational and irresponsible, and thus these practices will translate to being legal mandates.

To summary, the Stakeholder theory seems to be the best theory of corporate viability (Freeman, 2010). A normative theory of stakeholder decision was examined by exploring why the management may recognize certain groups as the firm's stakeholders and a descriptive theory of stakeholder prominence explaining the conditions under which the management may note certain groups as stakeholders (Mitchell et al., 1997). One of the most outstanding and wide definitions of a stakeholder is given as any group and/ or individual who can cause effect or can be affected on realization of the organization's purpose (Freeman, 2010). In the view of the corporate sustainability, stakeholders can be categorized as internal stakeholders, who bear risks associated with business activities and the external ones. Stakeholders generally are those with vested attention in a business through their investments (capital) i.e. reputational capital (suppliers and customers), human capital (employees), environmental capital (environment), social capital (the society), and regulatory capital (government) (Feng, 2016). The stakeholders have complementary relationships and connections with a business in that they subscribe to the business value creation, and their welfare is also impacted on by the firm's activities (risk). Institutional theories and legitimacy and are closely associated to stakeholder theory as only

those with legit assertions and institutional establishment can be treated as stakeholders. The aspects of stewardship theory are coordinated with matters of firm sustainability. There are several aspects of stewardship including the protection of the interests of all stakeholders and long-term orientation that are the main causes of firm sustainability.

All the theories discussed are important to corporate sustainability. Firms should utilize one or more that can be customized to their strategies, reporting processes, mission and business model. This leads to the evolution of various hypothesis concerning sustainability theory integration; A combination of the above theories is most applicable and in providing a theoretical foundation for best understanding of the emerging corporate sustainability. Stewardship and Stakeholder theories have many common core values with corporate sustainability by focusing on executive stewardship practices and strategies that created common value and promote never ending performance improvement for all stakeholders; and Management and board with a sustainability-oriented focus is most likely to integrate a combination of these theories with sustainability strategies that align with the company's core business of improving continuous performance and creating shared value.

2.3. Empirical Review

2.3.1. Board Expertise and Integrated Corporate Reporting

Firms regularly solicit outside expertise to help the company develop and prosper (Sainty, 2014). A board of expertise is a group of people commissioned to counsel, advice and guide a company's executive and business chiefs. A board of expertise is very useful in new and upcoming companies, giving great ideas and outstanding perspectives to a growing organization. Expertise from different professional backgrounds can complement the power and expertise of the company's leaders and provide wider management knowledge. An

expertise board can also supplement a firm's reliability with investors and clients and grow a firm's networking contacts and has become a common feature globally.

In Kenya, the capital market act (chapter 485A) requires all the listed companies to have at least a third of its directors be independent and non-executive with diverse skills and expertise. This is to ensure that at any particular time no one individual dominates the board decision making process. In Spain listed firms are positioning between the interests of shareholders and management, by incorporating independent directors in their board composition and therefore, minimizing agency costs (Weisbach, 2000). This trend is also exhibited in American companies, where a review done by Business Roundtable in 2007 points out that 90% of firms disclose that at least 80% of their boards of directors are independent. Business Roundtable (BRT) is a connection of chief executive officers (CEOs) of dominant US corporations.

The question begging for answers is whether a greater composition of independent directors on the Board may help to expand the quality of corporate reports on both financial and non-financial activities published by companies. In respect to this, several researches done have disclosed that the presence of board expertise on both the audit committees and the board positively impact the quality of corporate reports information (Macvey 2005). Thus, the main deduction arrived at by these studies was that higher quality of corporate information, as a result of expanded participation of independent directors on the board, guarded the interests of shareholders by avoiding opportunistic management conduct.

In comparison, a few studies show that a bigger number of board expertise on the board negatively affect the quality of corporate reporting. These could be as a result of the agency problems, resulting from the separate interests between managers and the owners and the

inadequate of management knowledge of major company aspects as the expertise are left to run the show (Bolton, 2008). Other studies have shown no significant connection between the presence of expertise on the board and the quality of corporate reporting. They state that the structure of the board will be dependent on the ethics of corporate governance as little attention is paid to the proportion of independent directors (Dalton, 2002).

All those features that result to increasing the quality of corporate reporting, regardless of there being composition directors on the board, could be a reflection of the role of effective firm's supervision (Klapper, 2003). Based on this, it seemed reasonable to preempt that by efficient and effective supervision, the board can impact positively on the quality of corporate reporting. With a well-organized structure within, the board strives to the publication of material and reliable information to safeguard company's assets and shareholders' investment and publish handy information to the shareholders in its content. This can be used to make the right decisions.

The question whether the might of the quality of the company's report can be influenced by board expertise requires more research due to its importance and the possible repercussions, mostly the economic ones, of low quality of corporate report. Since previous works are not conclusive, the study was to help unravel if the expertise activities influence the level of corporate disclosure.

2.3.2. Stakeholders Interest and Integrated Corporate Reporting

Stakeholders, being people with a concern in the business, have their interests taken care of through day to day management of companies through board, audit exercises carried out by external auditors, keeping and maintenance of records, publication of accounts and statutory

filing of annual returns. They include the shareholders, customers, suppliers, government, labor organizations, local communities, special interest groups and the general public.

Nearly all establishments are managed by a board of directors, elected or appointed by the shareholders to run the firm on their behalf. Therefore, shareholders have to trust in those who act on their behalf. It is not unknown for shareholders to lose tolerance with the board and remove its occupants' en-masse. The role and mandate of the board of directors was summarized by the King Report on corporate governance as: To define the purpose of the firm and the values by which the firm will perform its daily duties, identify the stakeholders relevant to the firm, develop a strategy combining these factors and ensure its implementation.

To create added value, companies usually interact with various stakeholders like investors, employees, regulators, suppliers, customer, to products, services and information is delivered. In order to achieve new connections, the stakeholders need information to enter into an exchange with the company. In this regard, the companies reveal information to reduce the inequality between them and investors. This premise refers to shareholders' theory which is concerned to determine two problems, the agency problem and the problem of risk sharing (Eisenhardt, 2015) which may happen in the relation between the principal and the agent.

It has been argued that board autonomy and the effectiveness of board overseeing on managerial decisions are connected (Sainty, 2015). Independent directors strengthen internal supervision of managerial decisions and activities by corporate boards (Sainty, 2015). It has been established that a higher percentage of expertise on corporate boards would ensue in more effective monitoring of boards and assist to limit managerial opportunism. A connection between board autonomy and the board's expertise can thus be expected, as an expertise is

important to filling the monitoring role (Jensen, 2011). Moreover, there is a trade-off between autonomy and capability when composing the board (Eccles et al., 2002).

Remarkably, of late research has been dedicated to the relationship between board member attributes and firms' corporate reporting disclosure. The findings, from the research scrutinizing board member attributes, suggests that more independent directors and experienced directors are assuredly linked with the quality of firms' corporate reporting (Kipkang, 2013). Similarly, directors with additional expertise and independence are associated with higher corporate reporting quality (Edwards, 2004). Together, these works suggest that expertise and independence of board members are key factors in driving the tendency of managers to engage in use of integrated reporting in reporting business activities.

Academicians are regarded as intellectual front runners in their given discipline and also experts since their skills are necessary to enter and work in the professoriate. A main function of members of the professoriate in the U.S.A, in addition to teaching and research in one's given discipline, is service on committees and on other governance structures.

2.3.3. Regulatory Framework and Integrated Corporate Reporting

In Kenya, existing regulations and legislation need transparency and effective disclosure from listed firms. Board of a firm has a mandate to ensure that there is accurate, timely and balanced revelation of all material information affecting the company (Capital Markets Authority, 2015). Key areas that require disclosure include; ownership structure and controlling rights, financial and sustainability information, board and managerial structure and procedures, regulatory and legislative framework compliance, social, environmental and governance policies as well as corporate social responsibility. The modes of disclosure comprise of publishing of financial

statements and annual report on the firm's website, and communication to regulators and investors (CMA, 2013).

It is the duty of every firm through its management to ensure that significant information relating to the firm and the industry in which it operates is disclosed to all stakeholders (O'Dwyer, 2010). Duty of care must be therefore exercised to ascertain that the facts disclosed are done on time, balanced, clear and accurate. Banks and other establishments are encouraged to promote disclosure of data in simple manner that common stakeholders can use for decision making (Unerman, 2010).

Other studies have revealed that, while restricting a discipline is somewhat challenging, mostly when studying its dynamics, the entities that the reporting field seek to explain is populated by a number of national and international bodies assisting and encouraging various forms of financial and non-financial reporting exercise (Malsch and Gendron, 2013). These bodies include international and national accounting bodies for example, IFAC, IASB, FASB, ICAEW, AICPA; the professional services firms e.g. Deloitte and Touche, Ernest and Yung, KPMG; international and national regulators; and consulting and advisory bodies promoting different forms of corporate reporting, such as Accounting for the Global Reporting Initiative (GRI), Sustainability, the World Intellectual Capital Initiative (WICI) and the Carbon Disclosure Project (CDP). Given this focus on professionals and field-level change, analysis is framed by drawing on major positioning of Suddaby and Viale's (2011) theorization of the position of professionals in pursuing and replacing institutional fields (Muzio et al., 2013). This theorization was rallied as a sense making mechanism to help pay attention on scrutiny and aid the mastery and disclosure of the procedure studied (Aggarwal, 2013).

Professionals perform a significant role in aligning institutions given their capability to manufacture, permit and control the knowledge and performance that control various components of daily life (Scott, 2008). Scott conceives professionals as key societal institutional agents (Scott, 2008) who have assumed middle roles in creating, distributing and sustaining current institutions (Currie, 2012). Assignment of professionalization and institutionalization occur concurrently, with equal change being accepted as a sequence of corresponding projects between professions and other powerful actors in the institutional environment (Suddaby and Viale, 2011). Because professions are so lodged in organizational fields, their assignments of professionalization resonate across the field and influence, either indirectly or directly, the establishment of assignments of other entities (Suddaby & Viale, 2011). Drawing on a review of prior research on professions and institutional change, four dynamics were used in theorizing how professionals reconfigure institutional fields (Suddaby and Viale, 2011).

The first duty that involves professional associations is defining new uncontested intellectual and/or economic spaces through either colonizing space occupied by other professions (Scott, 2008). Professionals also attempt to fill new spaces with new and legitimate social players who serve their own interests. These players comprise categories of individuals or new forms of organization (Suddaby and Viale, 2011).

Changes in the premise of expertise can also encourage dynamism in the boundaries and rule formation of formal fields. They also exploit the social order within an organizational field. This is mostly based on their unique approach to a wider diversity of capitals within a domain, such as social, cultural and illustrative capital, and their ability to alternate between these capitals ability (Fligstein, 1996).

2.3.4. Company size and Integrated Corporate Reporting

Size of a firm may be defined by volume of operations, number of employees, annual turnover and the balance sheet value. The size of a firm is a significant determinant of corporate disclosure (Almilia and Surabaya, 2009). Several studies have lent credence to this postulate (Barako et al., 2007). A study rooted on New Zealand firms is one of the things that influence the level of disclosure in corporate reporting (Oyelere et al., 2003)

From the many studies performed in relation to the disclosure of corporate information, one of the eminent presumptions has been that larger companies will tend to disclose more information compared to smaller ones. The reasoning behind this hypothesis is that large companies are more noticeable in the economy and therefore more likely to attract attention of regulatory institutions and the framework to divulge sizeable quantity of information (Watts & Zimmerman, 2008).

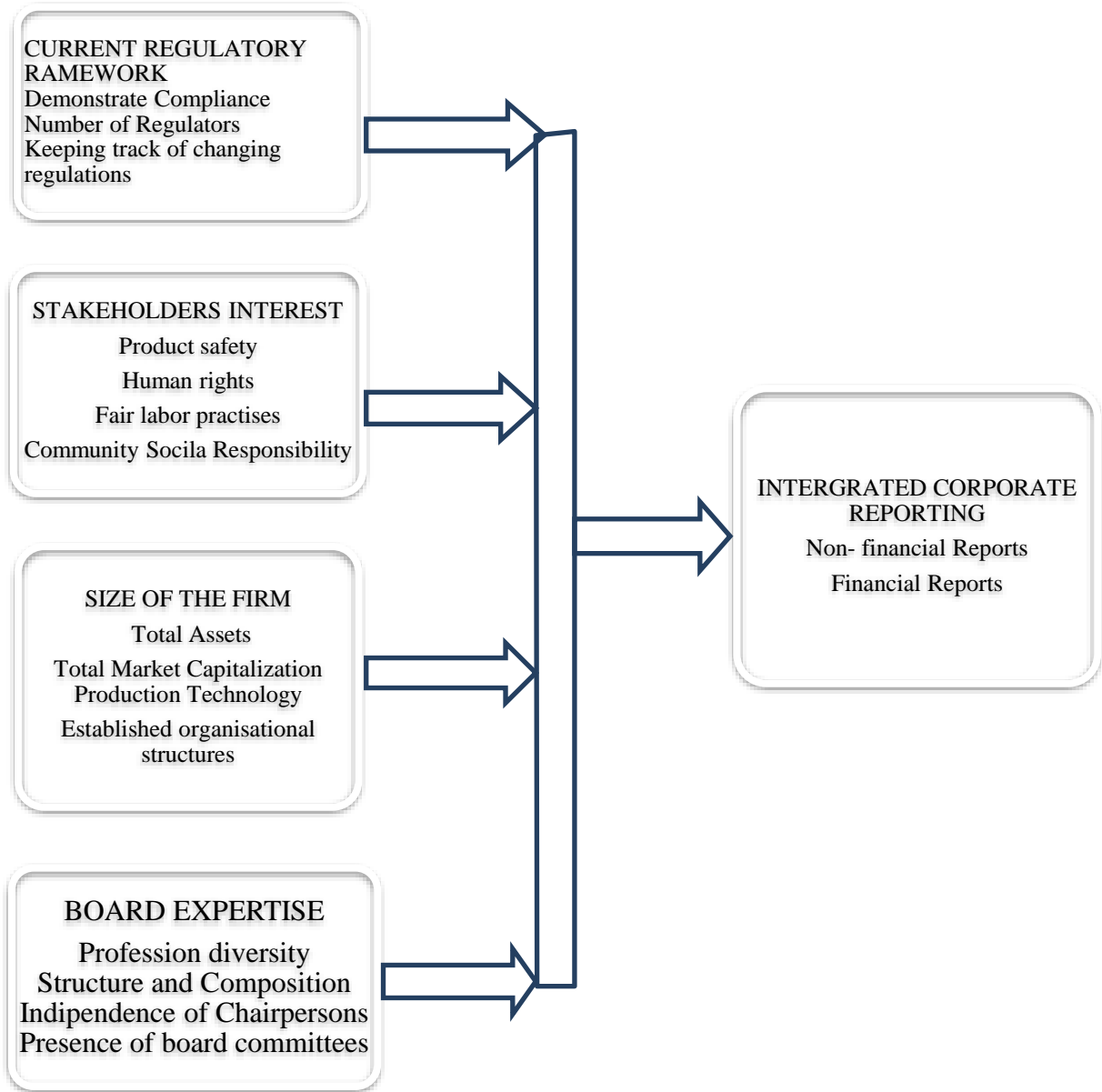
In a study that reviewed the voluntary accommodation of the internet as a means of conveying corporate information found that some of the factors of such reporting practices as included the size of the firm (Oyelere et al., 2003). It has been claimed that information disclosures can be used to reduce information asymmetries between a firm and the investors, agency costs and political costs (Inchausti, 2007). Large firms' proneness to reveal more information has also been attributed to the cost of disclosure of information being not high compared to smaller firms, making the management of larger corporations more likely to realizing the numerous benefits of information disclosure, including greater ease of financing and marketability of its commodities (Desai, 2001). In contrast, smaller firms may feel threatened of full information disclosure since it may be perceived to endanger their strategic and competitive position (Alsaeed, 2006). Large firms often become complex and the

complexity need more disclosure (Cooke, 2000). Many studies have substantiated a positive relationship between size of the firm and voluntary corporate information disclosure level (Hossain, 2013). To support this, it is revealed that a positive and considerable association exists amid disclosure and size based on the likelihood of economies of scale (Muzio et al., 2013); it is cheaper for big firms to offer voluntary disclosures compared to smaller firms (Watson, 2002) and the risk of litigation for bigger firms is much more, hence a deterrent for them to divulge a lot of their information in their annual corporate reports.

However, some studies have found no relationship between firm size and corporate disclosure. In a study done in 2001, it was found that there was no relationship between firm size and the level of risk disclosure for a sample of non-financial firms listed at the Italian stock exchange (Beretta & Bozzolan, 2004). Other studies have found that there was no relation between firm size and the level of disclosure for a sample of 41 companies from the UAE (Hassan, 2009) and there being no relation between firm size and the disclosure level for a sample of 52 non-financial firms from England (Rajab & Schachler, 2009). However, the studies were criticized due to use of total sale as a measure of company size. Based on these theoretical discourses, the relationships between firm size and the level of transparency is said to be positive hence firm size is a good measure for level of corporate disclosure

2.4. Conceptual Framework

Figure 2. 2 Conceptual Framework



2.5.Operationalisation of Variables

Figure 2. 3 Operationalisation of variables

Variable	Measurement
Integrated Corporate Reporting	Sustainability disclosure in annual report
	Environmental elements disclosure in annual report
	Audited financial statements disclosure in annual report
	Social impact report disclosed in the annual report
Current Regulatory Framework	List regulatory body complied with
	Demonstrate compliance with existing laws in audit report
	Demonstrate effects of changing regulations in the annual report
Board Expertise	Annual report to indicate that board members are competent
	Gender balance, professional diversity, presence of expert independent directors
	Board committees headed with competent members with relevant skills
	Majority of board members and its chairman are independent
Stakeholders Interest	Product safety certified by Kenya Bureau of Standards or other relevant body
	The company has a human resource policy that uphold human rights
	Fair labor practices in terms of gender, ethnicity, equal opportunity
	Projects the firm has initiated to assist the community
Size of the Firm	Stability and upward trend in market share price
	Level of output, cost of production through variable cost ratio
	Well structure and coordinated organizational framework
	Debts to asset ratio

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter brings out the methods and procedures engaged in obtaining for data that assisted in tackling research problems. The chapter as well covers the research design, collection of data and its operationalisation and data analysis techniques

3.2 Research Design

This research will have employed descriptive research design. A descriptive study is one in which data is collected without altering the environment (Onwumere, 2009). Given the questions to be addressed in this study, an interpretive case study approach informed by a thematic content analysis as the primary means for collecting, evaluating and reviewing the information (Mouton, 2001 and Beattie et al., 2007). Integrated reports of a selection of firms were evaluated to establish the impact of regulatory pressure, board expertise, stakeholders' interest and the size of the firm as drivers of reporting on social, environmental, sustainability and ethical aspects in the integrated reports of the selected companies

3.3 Target Population

In a research study, the target population comprised all the potential participants that could compose a study group (Kothari, 2004). The population of the research composed of companies listed at the Nairobi Securities Exchange (NSE) as at December 2017 and have effectively submitted their annual or yearly reports to the NSE up to financial year 2017. This comprises 65 companies as per the NSE fact book 2017. Listed firms are required to have at least one-third of its board to comprise of non-executive directors (NSE, 2017).

The firms are required to establish an audit committee in compliance with rules on corporate governance issued by Capital Markets Authority. Chairman of the listed firms is prohibited from serving in more than two listed companies to ensure maximum participation in board affairs. The listed firms are required to have their chief financial officers and head of accounting departments to be members of ICPAK in good standing while the company secretaries is supposed to be a member of Institute of Certified Public Secretaries (ICPS). It also requires the auditor to be a member of ICPAK and able to comply with International Standards of Auditing (IAS). Other conditions to be met by listed firms include; free transferability of shares, availability and reliability of financial records, competence and suitability of directors and management and aligning companies' memorandum of understanding and articles of association to the corporate governance practices as set out by CMA act (CMA, 2016). The firms are required to have a minimum capital depending on the market segment; main investment market segment, alternative investment market segment and growth enterprise market segment having a minimum of fully paid up capital of kes. 50 million, kes. 20 million and kes.10 million respectively. The listed firms are spread across the Agricultural Sector, Banking Sector Manufacturing & Allied Sector, Energy & Petroleum Sector, Insurance Sector, Telecommunications & Technology Sector and Investment Sector.

3.4 Sampling and Sampling Procedure

Sampling technique is where only a few units of population are studied. It is a study of a subset of units in a population selected to represent all units in a population of interest (Cooper & Schindler, 2014). From the 65 companies (see figure 5), a sample of 11 companies is selected by purposive sampling technique. Purposive sampling, also referred to as judgmental, subjective or selective sampling, is a type of non-probability sampling technique. Non-

probability sampling focuses on sampling methods where the units being investigated are based on the judgment of the researcher (Mulwas, 2014).

The coveted Financial Reporting (FiRe) award is now in its seventeenth year. The award usually seeks to recognize and promote excellence in financial reporting among firms in the East African region. The award is presented yearly during a gala by the joint promoters; the CMA, the ICPAK, the NSE and the Public-Sector Accounting Standards Board-Kenya (PSASBK). Best reporting firms in the region are recognized and awarded in a bid to promote organizations to adapt best practices in corporate reporting and demonstrate good governance. The award is intended at promoting integrated reporting by enhancing transparency, accountability and integrity in conformity with suitable financial reporting framework and other disclosures on governance environmental and social reporting by private, public and other entities in East Africa region. The Evaluation Panel comprise of professionals from the accountancy, audit practice, academia and industry with expertise in corporate governance, financial reporting standards and corporate social responsibility. Participants are provided with valuable responses for continuous improvement (ICAPK, 2016).

For the purpose of this study, a sample of 11 listed firms that won the FiRe awards in the year 2017 will be studied. They include; Sameer Africa, Williamson Tea Kenya Ltd, Limuru Tea Company Ltd, Kenol Kobil Ltd, Trans-Century Ltd, Jubilee Insurance, Britam Holdings, KENGEN, Barclays Bank of Kenya, Equity Holdings Limited and KCB Holdings Limited.

3.5 Research Instruments

In determining the presence of sustainability reporting, the disclosure occurrence method of content analysis technique was applied to the information in the corporate reports and sustainability reports. The disclosure occurrence method recognizes the presence of disclosure in the corporate report as '1' and the absence of disclosure as '0'; after which the total disclosure is determined (Joseph and Taplin, 2011). It can also result in a more predictable measurement of sustainability reporting. Based on the review of literature, varying indicators have been used to measure sustainability reporting (Bennett et al., 2011; Michelin and Parbonetti, 2012; Schonbohm and Hofmann, 2012; Ching et al., 2013; Ching et al., 2014; Global Reporting Initiative, 2013). Upon examining the various measures of sustainability reporting used previously, the researcher concluded that a modified version of the GRI guidelines can be used in this study as disclosure index

3.6 Validity and Reliability of the Instrument

The validity and reliability of the disclosure index was carried out in this study. The disclosure of at least one item in the disclosure index by at least one organization showed that all the items in the index were relevant (Joseph, 2010). A pilot study of the content of sustainability reporting of eleven firms of the population was carried out. Based on the total population of 65 listed companies, 2 companies were engaged in this pilot study for the purpose of ascertaining whether their five years corporate reports featured items in the reporting index. The company reports involved in the pilot study were those pertaining to the following namely Bamburi Cement Company PLC and Safaricom PLC. The results of the pilot study showed that at least 36 out of 40 items were reported on the disclosure index of the companies.

3.7 Data Collection Method

The main instrument used to collect data was disclosure checklist. A disclosure checklist is composed of comprehensive information to be checked, of which their presence will indicate compliance. The corporate disclosure checklist contains observations, of which its presence is marked with 1 and its absence 0.

The disclosure checklist was designed using binary measuring variables, which are most widely used classification of tallying measurement (Kothari, 2004). The checklist is divided into four sections. Section one seeks information on board in regards to its composition, structure, competency, expertise and compliance to the existing laws on their appointment and conduct. Section two seeks to establish if regulations put in place by various regulatory authorities i.e. NSE and CMA are adhered to in regards to disclosure, compliance and effective operations. Section three seeks to unravel in regards to stakeholders' interest. These include the identification, communication, fair labor practices, climate change, employee safety and HR policy. Section four analyzes the information on company size by assessing their board size, reputation of auditors, level of internal control, level of technology employed, presence of automated system and market capitalization

3.8 Model Specification

To test for the relevance of the research questions regarding the effect of various drivers on sustainability reporting of companies listed on the Nairobi Securities Exchange, the following Regression model, which examines the connection between a dependent variable and two or more independent variables was adopted.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

Where Y is the dependent variable which describes Sustainability reporting

X is the independent variables which represent the drivers of integrated corporate reporting;

X₁ regulatory framework

X₂ board expertise

X₃ stakeholder's interest

X₄ size of the firm

e error term capturing all other explanatory variables not openly included in the model

β_0 is the interception of the regression

$\beta_1, \beta_2, \beta_3$ and β_4 are coefficient of the independent variables

The independent variables were measured by rating index based on performance indicators chosen from Global Reporting Initiative guidelines as used in prior studies (Burhan and Rahmanti, 2012). The sustainability disclosure index was calculated based on the presence of an indicator(s) that are disclosed. If a firm discloses about any indicator, whether qualitative or quantitative, that is the incidence of a pointer in the company's financial statement, the researcher assigns 1 or 0 if otherwise.

3.9 Techniques of Data Analysis

Data collected using the disclosure index was subjected to preliminary and advanced analysis. Preliminary data analysis refers to use of descriptive statistics in interpretation of data. These descriptive statistics include frequencies, means and standard deviation. The statistical technique that was employed in analyzing the data is the panel data regression model over a period of 5 years. Panel data regression analysis was very significant in investigating the

expected power of the independent variables on the dependent variable. The analysis was guided by the specific model in each hypothesis. All the hypotheses were tested using the student t-test statistic at 5% level of significance and statistical Package for Social Sciences (SPSS) was utilized in data analysis.

3.10 Diagnostic Tests

The panel data regression faces to several challenges: The heteroskedasticity by time and by cross, the auto regression, the endogeneity and co linearity. To overcome this, all the variables were checked to make sure they are in the right calculations. Due to the use of a small sample size, it was important to test the normality of residuals. The researcher tested the normality of residuals in a regression using SPSS to establish normality of residuals in the regression. The scatter plot diagram was used to determine collinearly trend.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

This chapter presents the results of data collected from survey of factors influencing sustainability reporting from the perspective of corporate annual reports that are observable in the organizational field and internal reporting process. This chapter also focuses on the preliminary and advanced analysis of data pertaining to hypotheses formulated in chapter one.

4.2. Descriptive Statistics

The methodology utilized in the current report involved content analysis such as the disclosure index computation, which was mainly the SPSS data processing software. The sample comprised of 11 companies, which were part of the NSE and FiRe awards winners in different categories. Specifically, the research revolved around enrolling content analysis of the companies' annual integrated reports for the period five years. Academics and scholars utilize the content analysis technique when determining corporate disclosures, environmental data analysis, as well as sustainability research.

With the aim of demonstrating the various implications associated with the current study, the researchers formulated research questions, which concerned the voluntary adoption of integrated reporting alongside the associated emerging factors: How does stakeholders interest drive integrated reporting among listed companies in Kenya? How does current regulatory framework drive integrated reporting among listed companies in Kenya? How does board expertise drive integrated reporting among listed companies in Kenya? And how does size of the firm drive integrated reporting among listed companies in Kenya? An argument presented in the current research is that Kenya's regulatory framework and the stakeholder's

interest drive remain to be the key factors in determining integrated reporting amongst most Kenyan firms listed in the NSE. Descriptive statistics, which were carried out using SPSS, are summarized in the table below:

Figure 4. 1 Descriptive Statistics

Descriptive Statistics												
	N	Range	Minimum	Maximum	Mean		Std.	Variance	Skewness		Kurtosis	
					Statistic	Error	Deviation		Statistic	Error	Statistic	Std. Error
Corporate Reporting	55	10	1	11	6.00	.430	3.191	10.185	.000	.322	-1.221	.634
Regulatory	55	3	6	9	8.07	.110	.813	.661	-.565	.322	-.171	.634
Board expertise	55	0	10	10	10.00	.000	.000	.000
stakeholder interest	55	4	1	5	2.98	.148	1.097	1.203	.037	.322	-.872	.634
company size	55	3	2	5	4.20	.105	.779	.607	-.614	.322	-.306	.634
Valid N (listwise)	55											

Table 4.1 provides descriptive statistics for the variables employed in the analysis of institutional field and reporting process factors influencing sustainability reporting. Specifically, Table 4.1 shows the mean, standard deviation, minimum and maximum values of each of the variables (sustainability reporting indicators, board expertise, stakeholders’ interest, regulatory framework and company’s size). The data was collected from annual reports of firms and Capital Markets Authority.

The maximum sustainability reporting indicator score is 11, the minimum score is 1 and the mean sustainability reporting score is 6.00. Thus, out of 11 maximum score, on the average, companies in this study reported more than average or 54 percent of the sustainability reporting indicators. Standard deviation of 3.191 indicates that, average distance each data point from mean is 3.191. This implies that the mean is providing a good representation of the

data, since the standard deviation is very close to the mean, hence it is reliable. The maximum score for regulatory pressure variable is 9; the minimum score is 6 while the mean regulatory pressure score is 8.07. . The maximum score for stakeholders' interest variable is 5; the minimum score is 1 while the mean stakeholders' interest score is 2.98. The maximum score for company size variable is 5 the minimum score is 2 while the mean for company size score is 4.2. For board expertise, all the score were constant at a maximum score of 10.

4.3. Relationship among the Study variables

This analysis sought out to examine whether there exists a relationship between each of the individual predictor variables of voluntary disclosure and sustainability reporting. After running different variable using SPSS, the following results were established:

4.3.1 Regulatory Framework and Sustainability Reporting

The analysis sought to establish the effect of regulatory framework on level of sustainability reporting. Examining the correlation between the corporate reporting (independent variable) and regulatory framework (dependent variable), a significant relationship of (.324) was established at 0.05 level.

Figure 4. 2 Regulatory Frameworks and Sustainability Reporting Correlation

		Correlations	
		Regulatory Framework	Corporate Reporting
Regulatory Framework	Pearson Correlation	1	.136
	Sig. (2-tailed)		.324
	Sum of Squares and Cross-products	35.709	19.000
	Covariance	.661	.352
	N	55	55
Corporate Reporting	Pearson Correlation	.136	1

Sig. (2-tailed)	.324	
Sum of Squares and Cross-products	19.000	550.000
Covariance	.352	10.185
N	55	55

4.3.2 Stakeholders' Interest and Sustainability Reporting

The analysis sought to establish the effect of stakeholders' interest on level of sustainability reporting. A bivariate analysis of the corporate reporting and stakeholder interest established a strong correlation between the regulatory framework and company size. The bivariate analysis established a correlation of (.164). Hence, because correlation is significant at the 0.05 level, there is correlation between corporate reporting and stakeholder' interest.

Figure 4. 3 Stakeholders' Interest and Sustainability Reporting Correlation

		Correlations	
		Corporate Reporting	stakeholder interest
Corporate Reporting	Pearson Correlation	1	.190
	Sig. (2-tailed)		.164
	Sum of Squares and Cross-products	550.000	36.000
	Covariance	10.185	.667
	N	55	55
stakeholder interest	Pearson Correlation	.190	1
	Sig. (2-tailed)	.164	
	Sum of Squares and Cross-products	36.000	64.982
	Covariance	.667	1.203
	N	55	55

4.3.3 Company Size and Sustainability Reporting

The analysis sought to establish the effect of company size on level of sustainability reporting.

The bivariate analysis examining the correlation between corporate reporting and company size

established a significant correlation of .012. Hence, because correlation is significant at the 0.05 level, there is a negligible correlation between corporate reporting and company size.

Figure 4. 4 Company size and sustainability reporting Correlation

		Correlations	
		Corporate Reporting	company size
Corporate Reporting	Pearson Correlation	1	.335*
	Sig. (2-tailed)		.012
	Sum of Squares and Cross-products	550.000	45.000
	Covariance	10.185	.833
	N	55	55
company size	Pearson Correlation	.335*	1
	Sig. (2-tailed)	.012	
	Sum of Squares and Cross-products	45.000	32.800
	Covariance	.833	.607
	N	55	55

*. Correlation is significant at the 0.05 level (2-tailed).

4.3.4 Board Expertise and Sustainability Reporting

The analysis sought to establish the effect of board expertise on level of sustainability reporting. It was established that the board expertise has no direct relationship with sustainability reporting since it has no effect on the output, and is constant.

4.4. Diagnostic tests

In the diagnostic tests section, linear regression was used to determine the correlation between corporate reporting and the three study variables, namely company size, regulatory framework and stakeholder interest.

Figure 4. 5 Correlation among variables

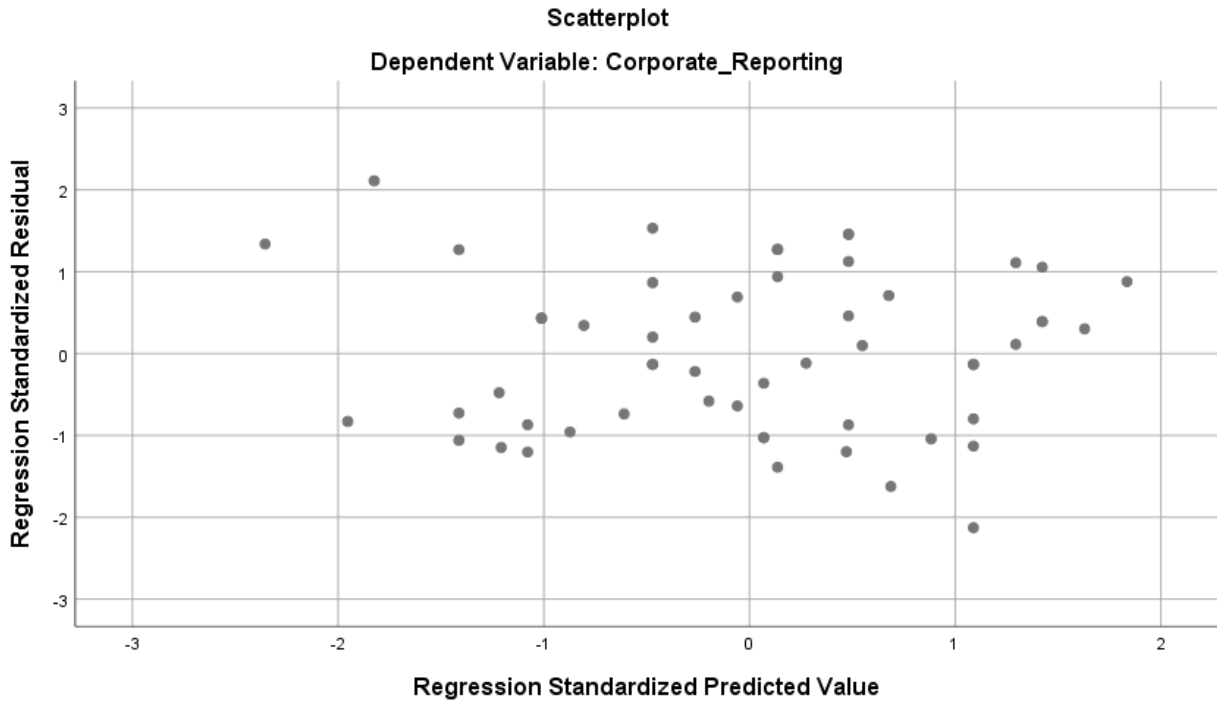
Model	Coefficients ^a							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	-6.579	5.183		-1.269	.210	-16.983	3.826
	Regulatory	.694	.552	.177	1.258	.214	-.414	1.801
	stakeholder interest	.264	.403	.091	.656	.515	-.545	1.074
	company size	1.474	.546	.360	2.700	.009	.378	2.570

a. Dependent Variable: Corporate Reporting

Due to the use of a small sample size, it was important to test the normality of residuals. In this section the researcher tested the normality of residuals in a regression using SPSS. The results established that company size had a correlation co-efficient of 0.177, stakeholders' interest with a co-efficient of 0.091 and company size with a co-efficient of 0.36. Results of the analysis established normality of residuals in the regression, which aligns with the study hypothesis pertaining to the study variables.

Further in the scatter plot results in Figure 4.6 indicate a positive correlation between sustainability corporate reporting and regulatory framework, stakeholders' interest and size of the firm.

Figure 4. 6 Scatter Plot



4.5. Model fitting

In the section, a full Model fitting test is carried out and the results are summarized as shown in the table below: ANOVA: In this section, validity of the study hypothesis is tested using ANOVA and results obtained as can be seen in the table (4.8) points to a need to reject the null hypothesis in favor of the alternative hypothesis. A full Model fitting test was carried out and the results are summarized as shown in the table below:

Figure 4. 7 Regression Model Fitting tables

ANOVAa						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	89.024	3	29.675	3.283	.028 ^b
	Residual	460.976	51	9.039		

Total	550.000	54		
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a. Dependent Variable: Corporate Reporting

b. Predictors: (Constant), Regulatory Framework, company size, stakeholder interest

Model		Coefficients ^a						95.0% Confidence Interval for B	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Lower Bound	Upper Bound	
		B	Std. Error	Beta					
1	(Constant)	-6.579	5.183		-1.269	.210	-16.983	3.826	
	Regulatory	.694	.552	.177	1.258	.214	-.414	1.801	
	stakeholder interest	.264	.403	.091	.656	.515	-.545	1.074	
	company size	1.474	.546	.360	2.700	.009	.378	2.570	

a. Dependent Variable: Corporate Reporting

Model		Coefficients ^a							
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Zero-order	Correlations	
		B	Std. Error	Beta				Partial	Part
1	(Constant)	-6.579	5.183		-1.269	.210			
	company size	1.474	.546	.360	2.700	.009	.335	.354	.346
	stakeholder interest	.264	.403	.091	.656	.515	.190	.091	.084
	Regulatory Framework	.694	.552	.177	1.258	.214	.136	.173	.161

a. Dependent Variable: Corporate Reporting

Dependent Variable, corporate reporting with the help of the proposed model $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$; Y = Dependent variable (Implementation of corporate reporting); α = Constant (The intercept of the model), β = Coefficient of the X variables (independent variables). Thus, it is worth noting that the general form of the equation was aimed at predicting the implementation of corporate reporting from X₁-regulatory framework; X₂-board expertise; X₃-stakeholder's interest; X₄-size of the firm. Hence, it can be concluded that (Y=5.183+ 0.552X₁+ 0.403X₂+ 0.546X₃)

The multiple linear regression model was of the form:

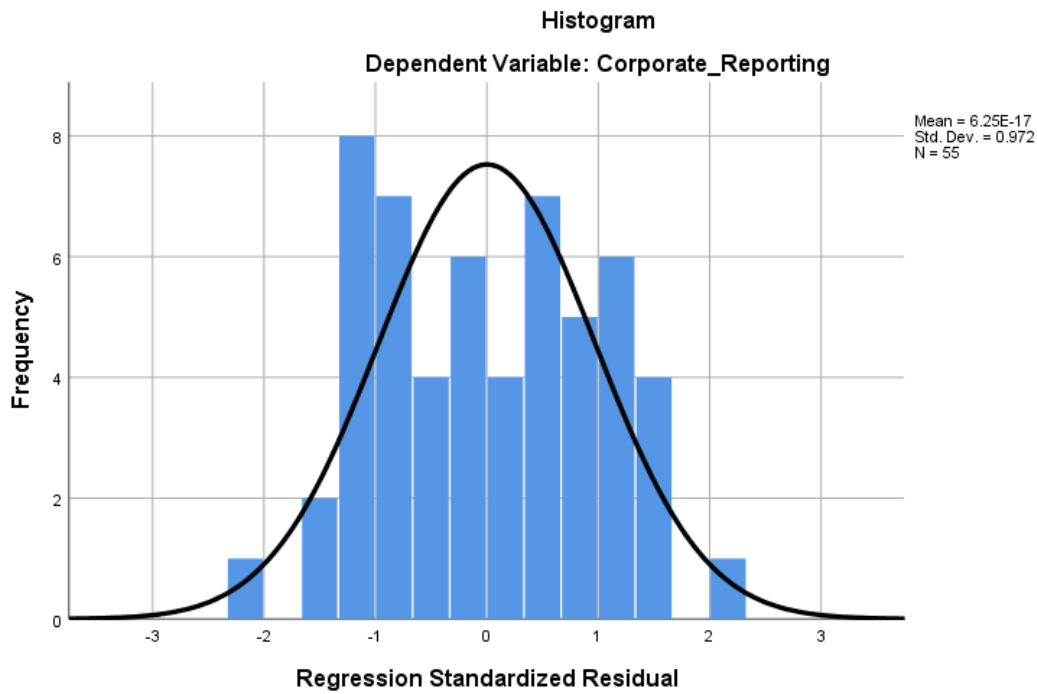
$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ e$$

To determine the most effective model, regression analysis produced the Analysis of Variants (ANOVA) and the coefficient of determination. In this case, at a 95 percent confidence level, the ANOVA was carried out to determine whether there existed a significant mean difference between the studies' independent and dependent variables.

Using a histogram, normality can be observed. As shown in above, the statistical test of the standardized residuals provided a value 0.972 at or 0.508 significance level. Basing on the fact that the p-value if greater than 0.05, it is worth concluding that the standardized residual had a normal distribution. Fig. 4.6 and 4.9 show that the scatter plot and histogram associated with the standardized residual model $Y = \beta_0 + \beta_1X_1 + \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ e$ were normally and randomly distributed, thus serve as supporting evidences.

A histogram was used to show the variability of corporate reporting with regulatory framework. The results depict a normal curve, which allows for the calculation of probability. Key features deduced from the curve include: centeredness, unimodal, and a fixed score distribution.

Figure 4. 8 Histogram



The residual statistics results thus show a standard deviation of 0.972 (values were spread out over a large range).

Figure 4. 9 Residuals Statistics

	Residuals Statistics ^a				
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.98	8.36	6.00	1.284	55
Residual	-6.398	6.343	.000	2.922	55
Std. Predicted Value	-2.355	1.835	.000	1.000	55
Std. Residual	-2.128	2.110	.000	.972	55

a. Dependent Variable: Corporate Reporting

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECCOMENDATIONS

5.1 Introduction

This section of the study includes the following sections: a summary of the study anchored on conclusions as well as recommendations for future research and policy improvement.

5.2 Summary of Findings

The study's focus area analyzed drivers of integrated corporate reporting by listed entities in Kenya's Nairobi Stock Exchange (NSE), which is a market for securities. It interrogated four company variables and their impact on corporate reporting in the country's Nairobi Stock Exchange (NSE). The variables included board expertise, stakeholders' interest, company regulatory framework and firm size. Within the purview of this study, it is the impact of these afore-stated variables on corporate reporting that is investigated. From both a quantitative and qualitative perspective as it can be deduced from the study findings, it is arguably reasonable to postulate that the findings of the study mirrored arguments stipulated within the hypotheses of the study. However, it is worth noting that corporate reporting within the framework of this study was looked at as a way of aligning with the requirements of the International Integrated Reporting Committee (IIRC) whose purpose is to achieve a sustainable International Integrated Reporting Framework.

5.2.1 Stakeholders Interest and Sustainability Reporting

The first specific objective of the study sought to determine the effects of stakeholder's interest on integrated reporting by listed entities in Kenya. From the study findings based on both the quantitative and qualitative data, it becomes manifest that stakeholder interest substantially influences the rate at which firms listed on the Nairobi Stock Exchange market report on their operations for purposes of ensuring uniformity and comparability of corporate reports. It, therefore, follows that the interest(s) of a firm's stakeholders especially with regard to building a good public image of the firm anchored on social corporate responsibility proved to positively influence firm-specific adherence to reporting. To that extent, therefore, the results proved positive from an analysis of firms ranging from Limuru Tea Company to Kenya Commercial Bank Holdings Ltd.

5.2.2 Current Regulatory Framework and Sustainability Reporting

The second objective of the study sought to ascertain the effect of the current regulatory framework on integrated reporting by entities listed in the Kenyan NSE market. Again, in this respect, study findings revealed a correlation between regulatory framework and corporate reporting with the correlation pointing to a positive influence of the former on the latter. Both the statistical findings, which are quantitative and qualitative findings, gathered from past research on the factor's influence on corporate reporting reveal that stringent regulatory frameworks are bound to effectively impact a firm's corporate reporting decisions as suggested by the hypothesis of the study.

5.2.3 Board Expertise and Sustainability Reporting

On the other hand, the third specific objective of the study aimed at establishing the impact of board expertise on integrated reporting by firms listed on the country's NSE. In this line, both statistical quantitative findings as well as qualitative data from reviewed past research point to a positive effect of board expertise on corporate reporting by firms listed in the NSE. It follows that from an observation of firm-specific behavior regarding reporting, board expertise proved to have positively impacted the responsiveness of most of the listed firms studied in this research. However, the quality of expertise is found to be relatively hard to ascertain as diverging opinion abounds some of which credits expertise on educational attainment standards of a company's managerial team and other schools of thought, which point to the number of years' company managers have served in top-notch capacities that concurrently manifest their managerial level of experience.

5.2.4 Size of the Firm and Sustainability Reporting

The fourth specific objective of the study's central concern revolved around determining the effect of a firm's size on integrated reporting by listed entities in Kenya's NSE. In this regard, the trend exhibited by most of the firms studied within the purview of this research such as Barclay's Bank of Kenya and Limuru Tea Company show a trend that differs from the influence of the above-stated variables on corporate reporting. In this purview, firm size is found to have a relatively minimalist influence of a firm's decision to align with corporate reporting requirements since results depict relatively big firms that do not comply with corporate reporting and several perceived-small firms, which as well shy away from the corporate disclosure requirements. The results in this ambit thus prove to be heterogeneous and from such an observation, it is unreasonable to generalize that firm size either positively or negatively impacts corporate reporting. From this observation, it is particularly important to underscore a deductive inference that firm size depicts a negligible influence on the responsiveness of a firm to corporate reporting requirements.

5.3 Conclusions

The desire to craft or develop a uniform framework capable of entrenching uniformity and comparability of firms' corporate reports underscores the importance of integrated corporate reporting especially by firms listed in the country's stock exchange market. That realization, it evinces, has an international origin whose reporting standards are found to be littered with a myriad cases of non-uniformity in reporting across institutions. It is such realizations that necessitated this research whose purpose was to establish drivers for corporate reporting by listed firms that integrate not only the reporting of their financial but also their non-financial aspects that reflect a firm's material information revolving around its control, planning,

performance and expectations premised on a firm's social, commercial and environment-specific context. In that regard, therefore, four variables appeared to have systemic preponderance on firm responsiveness to corporate reporting and the said variables include board expertise, stakeholder(s) interest, regulatory framework and size of the firm. The study thus investigated the impact these variables wield over a company's decision to voluntary report on social responsibility lines.

The study employed a descriptive research design pegged on secondary data collection fed with a research instrument that applied an audit methodology that was as well based on annual reports. From the non-probability selected or purposive sample size of 11 companies listed on the NSE, which included among others, firms such as Britam Holdings, Limuru Tea Company, Kenol Kobil Ltd and KENGEN, statistical deductions generated results that relatively aligned with the study hypotheses. To that extent, therefore, it can be inferred that the significance of integrated corporate reporting to the promotion of uniformity and comparability for corporate social responsibility purpose is relatively dependent on board expertise, stakeholder(s) interest, regulatory framework and company size. However, of the four variables, it is firm size that was found to exert the least influence on a firm's tendency to abide by corporate reporting standards. It is, therefore, arguably reasonable to assert that board expertise, stakeholder(s) interest, regulatory framework and firm size positively influence the degree to which firms adhere to corporate reporting requirements.

5.4 Limitations of the Study

The study sampled only 11 firms from a population of 65 firms, representing 16.9% of the study population. This raises additional uncertainty about the degree to which the results are generalized due to the fact that the sample may be undersized in an emerging market that is

relatively unstable. If more firms were examined, the results could have been more representative of a whole population. Also, the study analyzed reports for these companies for five years only. If the period was relatively longer, say up to 10 years, more conclusive results would probably have been realized.

5.5 Recommendations

Gathering from information that points to existing gaps in research and policy with regard to the relationship between the four variables and (their influence on) corporate reporting, the researcher pinpointed the following areas for revamp as recommendations for bettering future research and related policy: Corporate reporting should be considered as an essential constituent part of board management training curriculum in company efforts aimed at elevating organizational performance standards among its management team; Performance appraisal of management staff should emphasize an awarding criterion that takes into account an individual's attention to corporate reporting; Skewed interests of the stakeholders should be detected early for purposes of ensuring corporate reports reveal the real nature of firm operations around the phenomenon of social corporate responsibility; More stringent regulatory frameworks that emphasize corporate reporting should be a precondition and a must-have for any firm that aspires to be listed on the Nairobi Stock Exchange (NSE) and Relatively big firms should embrace integrated corporate reporting as an essential social image-enhancement strategy for greater visibility and better attraction of potential investors.

5.6 Areas for Future Research

Given that researchers are more gradually exploring the notion of voluntary disclosure, this study recommends that the time frame of analysis be enlarged to seven or more years so as to determine the long run effect of voluntary disclosure on financial performance. The prospective

researchers should concentrate their analysis on companies in specific industries at the NSE like Agricultural, Banking, or Construction and Allied to determine if it produces similar results since industries respond differently to information disclosures. Furthermore, if the correlation between voluntary disclosure and financial information was investigated immediately the annual reports are released, the outcomes would probably be more effective in predicting the relationship between integrated corporate reporting and its drivers.

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APPENDICES

APPENDIX I: Firms Listed at NSE

Industry	No of firms	Name of firms
Agriculture	7	-Eaagads Ltd -Kapchorua Tea Co -Kakuzi -Limuru Tea Co. Ltd -Rea Vipingo Plantations Ltd -Sasini Ltd -Williamson Tea Kenya Ltd
Automobiles and accessories	1	Car and General (K) Ltd
Banking	11	Barclays Bank Ltd CFC Stanbic Holdings Ltd I&M Holdings Ltd Diamond Trust Bank Kenya Ltd HF Group Ltd KCB Group Ltd National Bank of Kenya Ltd NIC Group PLC Standard Chartered Bank Ltd Equity Group Holdings The Co-operative Bank of Kenya Ltd
Commercial and services	12	Express Ltd Sameer Africa Limited Kenya Airways Ltd Nation Media Group Standard Group Ltd TPS Eastern Africa (Serena) Ltd Scangroup Ltd Uchumi Supermarket Ltd Longhorn Publishers Ltd Atlas Development and Support Services Deacons (East Africa) Nairobi Business Ventures Ltd
Construction and allied	5	Athi River Mining Bamburi Cement Ltd Crown Berger Ltd E.A.Cables Ltd E.A.Portland Cement Ltd
Energy and petroleum	5	KenolKobil Ltd Total Kenya Ltd KenGen Ltd Kenya Power & Lighting Co Ltd Umeme Ltd
Insurance	6	Jubilee Holdings Ltd Sanlam Kenya PLC

		Kenya Re-Insurance Corporation Ltd Liberty Kenya Holdings Ltd Britam Holdings Ltd CIC Insurance Group Ltd
Investment	5	Olympia Capital Holdings Ltd Centum Investment Co Ltd Trans-Century Ltd Home Africa Ltd Kurwitu Ventures
Investment services	1	Nairobi Security Exchange Ltd
Manufacturing and allied	9	B.O.C Kenya Ltd British American Tobacco Kenya Ltd Carbacid Investments Ltd East African Breweries Ltd Mumias Sugar Co. Ltd Unga Group Ltd Eveready East Africa Ltd Kenya Orchards Ltd Ord Flame Tree Group Holdings Ltd
Telecommunication and technology	1	Safaricom Ltd
Real estate investment trust	1	StanlibFahari I-REIT
Exchange traded fund	1	New Gold Issuer (RP) Lt

Source: NSE (2017)

APPENDIX II: Fire awards 2017 winner

NO	CATEGORY	WINNER	1ST RUNNER UP	2ND RUNNER UP
1.	Agriculture	KTDA Holdings Ltd	Williamson Tea Kenya Ltd	Limuru Tea Company Ltd
2.	Bank	CRDB Banking Group Ltd	Barclays Bank of Kenya Ltd	Equity Group Holdings Ltd
3.	Independent Offices & Constitutional Commissions Reporting under IPAS CASH	Office of the Controller of Budget	Registra of Political Parties	Public Service Commission
4.	Industrial, Commercial & Services	Sameer Africa Ltd	Kenol Kobil Ltd	Trans Century Ltd
6.	Insurance	Jubilee Insurance	Britam Holdings Ltd	Britam Assurance
7.	Micro Finance Institutions	Faulu Microfinance Bank		
8.	Ministries /Department/Agencies	National Intelligence Service	State Department of Fisheries	
9.	Not for Profit	Strathmore University	KENGEN Defined Benefits (D.C) Scheme	KASNEB Retirement Benefits Scheme
10.	Sacco	UN Sacco	Mwalimu SACCO	Stima SACCO
11.	SME	Dune Packaging LTD		
12.	Listed	Sameer Africa LTD	Kenol Kobil	
13.	State Corporation and Semi-Autonomous Government Agencies (SAGAs) under IFRS	KENGEN	IDB Capital	Jomo Kenyatta Foundation
14.	IPSAS cash	Competition Authority of Kenya	Brand Kenya	Kenya Copyright Board
15.	IPSAS accrual	Competition Authority of Kenya		
16.	IFRS for SME	Kenya Bankers Association		
18.	IFRS	CRDB Banking Group Ltd	Barclays Bank of Kenya Limited	Equity Group Holdings Ltd
19.	Integrated Reporting	Sameer Africa Ltd	Barclays Bank of Kenya Limited	KCB Holdings Ltd
20.	Environmental & Social Reporting	Umeme Ltd	CRDB Bank PLC	Sameer Africa Ltd
21.	Governance	Sameer Africa Ltd Barclays Bank of Kenya Limited		Britam Holdings
22.	Rwanda	Bank of Kigali		
23.	Tanzania	CRDB Bank PLC		

24.	Uganda	Umeme Ltd		
25.	Kenya	Sameer Africa Ltd		
	OVERALL	Sameer Africa Ltd		

Source: ICPAK (2017)

APPENDIX III: Sample of the Study

Firm	category	position
Williamson Tea Kenya Ltd	Agricultural sector	1 st Runners up
Limuru Tea Company Ltd	Agricultural sector	2 nd Runners up
Sameer Africa Ltd	Industrial, Commercial & Services Listed Integrated Reporting Environmental & Social Reporting Governance overall	Winner Winners Winners 2 nd Runners up Winners winner
Kenol Kobil Ltd	Industrial, Commercial & Services Listed	1 st Runners up 2 nd Runners up
Trans Century Ltd	Industrial, Commercial & Services	2 nd Runners up
Jubilee Insurance	Insurance	winner
Britam Holdings Ltd	Insurance Governance	1 st Runners up 2 nd Runners up
KENGEN	State Corporation and Semi-Autonomous Government Agencies (SAGAs) under IFRS IFRS (Public Sector Entities)	Winners 1 st Runners up
Barclays Bank of Kenya Ltd	Bank IFRS Integrated Reporting Governance	1 st Runners up 1 st Runners up 1 st Runners up winners
Equity Group Holdings Ltd	Bank IFRS	2 nd Runners up 2 nd Runners up
KCB holdings Ltd	Integrated Reporting	2 nd Runners up

Source: ICPAK (2017)

APPENDIX IV: Corporate Disclosure Checklist

COMPANY NAME.....

	The report will be checked if it discloses the listed information. If yes indicate (1) otherwise (0)	2013	2014	2015	2016	2017	average
1000	BOARD EXPERTISE INFORMATION	SCORE (0/1)	SCORE (0/1)	SCORE (0/1)	SCORE (0/1)	SCORE (0/1)	x/5
1001	The chairman of the Board is an independent non-executive director						
1002	The Board comprises of a balance of power with a majority of non-executive directors who are independent;						
1003	That regular performance appraisals of the board, its committees and individual directors are conducted						
1004	There are well-structured committees and oversight of key functions						
1005	The existence of an agreed governance framework between the group and its subsidiary boards						
1006	The board possesses the ideal mix of competencies to handle the most pressing issue on the agenda.						
1007	That the Audit committee is effective and independent and its chairperson is independent director						
1008	The audit committee evaluates the appropriateness of the combined assurance model to improve the efficiency in assurance activities						
1009	The audit committee oversees the external audit process						
1010	Directors regularly attend both board and committee meetings						
	TOTAL SCORE						
2000	REGULATORY FRAMEWORK INFORMATION						
2001	The report has been prepared with guidance from International Integrated Reporting Framework						

2002	The board and management have considered the fundamental concepts, guiding elements and contents elements recommended in the International Integrated Reporting Framework						
2003	This report is aligned to the parameters of the Kenya Companies Act, 2015						
2004	The report is aligned guidelines issued by the Capital Markets Authority						
2005	The report is aligned guidelines issued by the Nairobi Securities Exchange listing manual						
2006	The report is aligned to the Central Bank of Kenya's Prudential Guidelines						
2007	The report and Annual Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS).						
2008	Compliance risk forms part of the company's risk management process						
2009	The Board has delegated to management the implementation of an effective compliance framework and process						
2010	statement on compliance with corporate governance principles						
	TOTAL						
3000	STAKEHOLDERS INTEREST						
3001	Statement of corporate governance detailing key corporate governance arrangements and practices in the firm						
3002	Contribution to sustainable development goals among the community						
3003	HR Policy						
3004	HIV&AIDS and occupational health and safety						
3005	Ethics and Integrity						
3006	Employee empowerment and Support for employees' unions						
3007	Product development and innovation						

3008	CSR						
3009	Climate change						
3010	Material wastes and spills, emissions, water and energy						
	TOTAL						
4000	COMPANY SIZE INFORMATION						
4001	Board size is sufficient with number of independent directors exceeds executive directors						
4002	Presence of board committees						
4003	Separation of responsibility between chairman and board						
4004	Reputable firms engaged as auditors and consultant in matter like tax advisors						
4005	Sound system of internal controls						
4006	High level of production technology						
4007	Presence of an enterprise resource planning system and digitization						
4008	Presence of automated systems						
4009	High turnover						
4010	Market capitalization						
	TOTAL						
	GRAND TOTAL						

Source: GRI (2012)

APPENDIX V: Results Tabulation Checklist

Checklist item	Sameer Africa	Williamson Tea (K) Ltd	Limuru Tea (K) Ltd	Kenol Kobil Ltd	Trans century Ltd	Jubilee Insurance	Britam Holdings	KENGEN	Barclays Bank of Kenya	Equity Bank of Kenya	KCB Holdings
1000	BOARD EXPERTISE										
1001											
1002											
1003											
1004											
1005											
1006											
1007											
1008											
1009											
1010											
2000	REGULATORY FRAMEWORK										
2001											
2002											
2003											
2004											
2005											
2006											
2007											
2008											
2009											
2010											
3000	STAKEHOLDERS INTEREST										
3001											
3002											
3003											
3004											
3005											
3006											
3007											
3008											
3009											

3010											
4000	COMPANY SIZE										
4001											
4002											
4003											
4004											
4005											
4006											
4007											
4008											
4009											
4010											

Source: Researcher (2018)