Corporate Social Responsibility Reporting by Commercial Banks in Annual Reports: Evidence from Malawi

Andrew Munthopa Lipunga[1]

ARTICLE INFO

Available Online September 2013

Key words:
Corporate social responsibility (CSR);
content analysis;
Malawi;
commercial banks.

ABSTRACT

There is a crying need for an in-depth study into the quality, quantity of corporate social disclosure and identification of areas for future improvement so that transparency can be ensured, especially in developing countries where CSR studies are limited. The study explores the corporate social responsibility reporting practices in the annual reports of commercial banks of Malawi. The study uses content analysis in examining the annual reports of the sampled commercial banks. The paper found that all the sampled banks (100%) made some sort of CSR disclosures. Furthermore the banks relatively placed more emphasis in disclosing community related activities (0.49) followed by products and customers activities (0.38) and human resources activities (0.2). The least disclosed theme was environmental activities (0.08). The overall disclosure level was low (0.3) meaning that less than one third of the items on the CSR disclosure framework were disclosed. The study provides insight and adds to literature regarding the level of CSR disclosures from a developing country focusing on the banking sector which is an important sector in the economy.

1 Introduction

In the current era companies are not only responsible to their shareholders alone, they said to be standing on the triple bottom lines of corporate responsibility which include social, environmental, and financial (Tjia and Setiawati, 2012). Accountability of the business organisations is therefore extended not only to direct stakeholders concern but also to different external parties through the implementation of different socially desirable activities (Masud and Hossain, 2012). These social activities are no longer considered as a financial burden, but rather as social capital investment (Tjia and Setiawati, 2012). They are also called ethical investment simply because they increase the positive impacts of an organization (Abbasi *et al.* 2012). Corporate social responsibility (CSR) is the encompassing term for the undertaking of these social activities.

According to Ahmed *et al.* (2012) “CSR is generally understood to be the way a company attains a balance or integration of economic, environmental, and social imperatives while at the same time addressing shareholder and stakeholder expectations, with the understanding that businesses play a key role on job and wealth creation in society”. Uddin *et al.* (2008) state that CSR “is the continuing commitment by business to behave according to business ethics and contribute to economic development while improving the quality of the life of the workforce and their families as well as the local community and society at large”.

In the current era business continuity will be assured only if the company concerns about social and environmental dimensions (Tjia and Setiawati 2012). Therefore Uddin *et al.* (2008) assert that:

> *CSR is an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly want to work together with companies seeking feasible solutions and innovations in areas of common concern.*

In relation to the banking sector, CSR is said to be the obligation of banks to manage their social, economic and environmental activities at local and global level (Abbasi *et al.* 2012). This involves the bank considering not only their profitability and growth, but also the interests of society and the environment by

[1] Lecturer in accounting, University of Malawi

taking responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers and civil society represented by NGOs (Noyer 2008 in Masud and Hossain, 2012). Although banks are not directly involved in degradation of natural environment they are facilitators as they are suppliers of funds that support production process that ultimately causes environmental degradation (Sarokin and Schulkin, 1991in Ahmed *et al.* 2012). Thus, according to Branco and Rodrigues (2006), the activities of banks, such as their lending and investment policies, can be considered as equally environmentally-sensitive when compared with the direct impacts of polluting industries that are dependent on the banks. Therefore Branco and Rodrigues (2006) reasoned that banks can report on what they are doing to ensure that their lending and investment policies do not facilitate industrial activities, which are harmful for the environment. On a more direct way, Branco and Rodrigues (2006) argue that financial institutions consume vast amounts of resources, such as paper and energy, and create wastes; hence their policies regarding how they contribute to the conservation of energy and natural resources and recycling activities are important aspects of their social responsibility activities. Therefore to ensure accountability, banks are to be disclosing social related information.

Social responsibility disclosure refers to the disclosure of information about companies' interactions with society (Branco and Rodrigues, 2006). Due to informational asymmetry, disclosure of private information is imperative as it brings general gains in economic efficiency (Hossain and Reaz, 2007), and it is an important instrument in the dialog between business and society (Branco and Rodrigues, 2006). Generally transparency is an important aspect of good corporate governance practice and in relation to the banking sector increased transparency through the disclosure of timely and accurate information ideally should enable a bank to access capital markets more efficiently (Hossain and Reaz, 2007). These CSR disclosures can be classified into environment, human resources, products and customers and community involvement (Branco and Rodrigues, 2006).

The current study is justified for the following reasons; just as in Nigeria (Akinpelu et al., 2013), banking sector in Malawi is the most profitable and is perceived to be earning abnormal returns and furthermore it is highly visible. The commercial banks have a great contribution in the economy; hence according to Masud and Hossain (2012) it is a self introductory matter for them to report corporate social responsibility information in the annual report to flourish their image in the society as well as to develop an accountable society. Besides, studies of CSR disclosures in developing countries are limited (Ahmad *et al.* 2003). The current study extends literature on corporate social responsibility disclosures (CSRD) of commercial banks in developing countries specifically from Africa. Generally CSRD has attracted considerable research interests since the 1980s (Al- Shubiri *et al.* 2012), however there is a still crying need for an in-depth study into the quality, quantity of corporate social disclosure and identification of areas for future improvement so that transparency can be ensured (Masud and Hossain, 2012).

To the best of the knowledge of the author, there are no studies conducted in Malawi to determine the CSR disclosures practices by commercial banks in their annual reports. It is worthy studying CSR disclosures in Malawi and targeting the banking sector only, according to Masud and Hossain (2012), CSR reporting focus vary by business, by size, by sector and even by geographic region. The study therefore attempts to study the CSR disclosures practices, more specifically to evaluate the levels, location and themes of CSR disclosure in the annual reports. The remainder of the paper is structured in the following way; the next section presents the review of prior studies with the conceptual framework, followed by the description of the research methodology. Thereafter results are presents with discussion and finally conclusion is made.

2 Literature review

2.1 CSR disclosure practices

According to Samina (2012) banks all over the world, in developed as well as in developing countries, are adopting various social activities for social sustainable developments. Consequently, CSR disclosure studies have been carried out both in developed and developing countries, however according to Ahmad *et al.* (2003), studies in developing countries are limited. This section reviews the prior studies of CSR disclosures by commercial banks in various countries focus but not limited to developing countries.

Yeshmin (2012) explored CSR information in private commercial banks (PCB). Annual reports of 30 PCBs for 2009 and 2010 were observed to examine CSR information using content analysis. Findings revealed that the banks placed more emphasis on community development that registered 36.67% of total CSR issues. Furthermore it was found that most of the CSR information is in qualitative nature, however overall it was found that CSR disclosure by selected PCBs were going ahead.

Masud and Hossain (2012) examined CSR reporting practices of selected Banks in Bangladesh in consideration of finance act 2010 and 2011. The study was based on annual report of 2010 of listed Banks. The study revealed that 100% Banks reported their CSR activities however it is a matter of concern that less than 60% sampled banks participated in prescribe CSR areas according to finance act. The study concluded that the private commercial bank's corporate social responsibility reporting practice was developing day by day. Though they were trying to follow the rules of finance act, their participation is not satisfactory in all areas.

Akinpelu *et al.* (2013) investigated the various types of social responsibility activities information that were disclosed by Nigerian commercial banks and the factors that determine the level of disclosure in their annual reports and accounts. Descriptive data analysis results indicated that commercial banks in Nigeria were disclosed more information on human resources and community involvement and very low information on environmental, product quality and consumer relation. The outcome of multivariate analysis suggested that value of total assets have positive relationship and statistically significant with the level of corporate social responsibility activities disclosure.

Branco and Rodrigues (2006) examined social responsibility disclosure in annual reports and on the internet in Portuguese banks. They found that on the internet only one bank discloses information in the four categories considered, and only one bank did not disclose social responsibility information. Most of the banks (74 per cent) only present one (47 per cent) or two (27 per cent) of the categories considered. On the other hand, in annual reports, all banks disclose social responsibility information: three banks disclose information in the four categories considered, but the majority (73 per cent) only presents one (33 percent) or two (40 per cent) of the categories considered. The comparison of the information disclosed on the internet with similar information disclosed in the annual reports indicated that environmental and human resources information are more present in annual reports than on the internet, whereas the reverse succeeds with products and consumers and community involvement information, although the difference is insignificant in the latter case. Human resources information is the kind of information whose disclosure on the internet and in annual reports presents a more significant difference. Therefore it was concluded that Portuguese banks seemed to attribute greater importance to annual reports as disclosure media than to the internet at least when such a simple data capture method is used.

Nor and Asutay (2012) evaluated the perceptions and the expectations of the Islamic banks and financial (IBF) institutions customers in relation to their opinions of the Malaysian IBFs' CSR and sustainable compliancy and performance. The results suggested that the Malaysians CSR level of awareness in general was low and was affecting the Islamic banking industry as well. It was also reported that interestingly, despite the knowledge and awareness issues, majority of the Malaysians are prepared to move to an ethical and morally dimension banking system.

Using five hypotheses, Saeedniaa and Sohanib (2013) examined whether positive perception on bank's customers on CSR activities influences customer satisfaction, brand equity and firm's reputation. In addition, they examined whether customer satisfaction, as in intermediate variable, influences the relationship between CSR and bank's reputation as well as CSR and firm's brand equity. The study used a questionnaire that distributed to 384 experts working for an Iranian bank located in city of Tehran, Iran. They found a positive impact of CSR on customer satisfaction. They also reported a positive relationship between customer satisfaction and firm reputation, and between customer satisfaction and brand equity. However, the study did not confirm that CSR had any positive impact on corporate reputation or brand equity.

2.2 CSR themes

CSR themes can be described as indicators of CSR disclosures and they are further sub-divided into sub-items of disclosures (Saleh 2009). These themes make up the CSR framework used in measuring the extent of CSR disclosure. These themes are made based on what is considered to be important areas of CSR that are therefore of major concern to the stakeholders. CSR themes are generally categorised into a number of ways. Ebimobowei (2011) used a six theme framework consisting of human resources; fair business practice; community development; energy; environment; and products. Ahmad *et al.* (2003) used a six theme framework comprising: environment, energy, human resources, products and customers and community involvement and the sixth theme was called "others" capturing all that could not be attributed to the other themes. Masud and Hossain (2012) used a quite different framework consisting of five themes: education; health; environment and disaster; culture and sport; and miscellaneous. Another different version was used by Ahmed *et al*. (2012) comprising five theme namely: values and transparency; workplace; corporate governance; environment; and community.

According to Ponnu and Okoth (2009) generally accepted instrument categorises CSR into four major themes namely: environment, community involvement, human resources and products. Saleh (2009), Alawi and Rahman (2011) and Akinpelu *et al*. (2013) used this four theme categorised framework in their studies. Bayoud *et al.* (2012a) also used the same four theme categorised framework but named the themes as environmental activities, consumer activities, community activities and employee activities. This current study uses the four theme categorised framework with an extended section called "others (statements)" that looks at the inclusion in the annual reports of value added statement and CSR pictures, also inclusion of CSR/CSRD in corporate vision or as a title.

2.3 Theoretical framework

The study is premised on the stakeholder theory which presupposes the existence of a number of groups within and outside the organisation with each having a stake and therefore they expect accountability from the organisation. According to Uddin *et al*. (2008) a company is a group of people getting together so that they may accomplish something collectively that they could not get separately and they contribute to the society. Since the companies operate within the society, it is the same society that defines the number of stakeholders to which the organization has responsibility and furthermore the responsibility may be broad or narrow depending on the industry in which the firm operates and its perspective (Uddin *et al.* 2008). According to Akinpelu *et al*. (2013) apart from the shareholders, business firms have responsibility to broad spectrum of society and that includes customers, employers, suppliers, community, government etc.

CSR involves a business firm identifying its stakeholder groups and incorporating their needs and values within the strategic and day-to-day decision-making process (Uddin *et al.* 2008). CSR is used to incorporate social and environmental policies to improve the firm's relationship with stakeholders (Abbasi *et al.* 2012). CSR programs become a bridge for the company and its surrounding in order to balance the corporate profits and prosperity of society (Tjia and Setiawati, 2012). CSR disclosures can therefore be considered as the most important factors that can lead to improving a company reputation by signalling the creation and enhancement of relation with stakeholders (Bayoud *et al.* 2012a).

Al- Shubiri *et al.* (2012) assert that in the open system in which organizations interact with society; different groups personify every interaction with their own specific sets of needs, expectations and demands. Therefore it is a foregone conclusion as stated by Uddin *et al*. (2008) that:

> *Today's society expects more from a business. Since businesses can earn profit only if society consumes its products, society expects that a part of the profit should be spent for the betterment of the society at large. A business of today must run its activities in a socially acceptable way if it desires to sustain in the long run. Businesses should operate without jeopardising the fate of the future generation. And for that, business needs to think for the society, environment, and stakeholders of it. Long run relationship with the stakeholders can ensure long run sustainability of a business.*

Thus, a fundamental element of corporate social responsibility is stakeholder theory (Al- Shubiri *et al.*2012). It explains desire for organisations to reflect social and environmental impact of the companies' activities specifically on employee related issues, community involvement, environmental concerns, other ethical issues (Branco and Rodrigues, 2006). It must be noted that there are other theories that may be used to explain CSR disclosures such as legitimacy and political economy. Gray *et al.* (1995) in Al- Shubiri *et al.* (2012) suggest that stakeholder theory do not compete with the legitimacy and political economy theories nor is it independent of them. The three theories are a united whole. They argue that stakeholders and legitimacy theories are positioned as overlapping within the frame work of political economy assumptions.

3 Research Methodology

3.1 Data collection

The sampling frame of the study consisted of all the commercial banks operating in Malawi that had deposited their full copy of annual report for the year ended 31 December 2011 on their websites. All the banks whose annual report could not be accessed on their website were dropped consisted with Ponnu and Okoth (2009). There were eleven commercial banks operating in Malawi as at that date (Reserve Bank Malawi 2011) out of which four are listed on the Malawi stock exchange (MSE). All the eleven banks have a website, however only five banks had full copy of their annual reports on their respective websites on 24th May 2013 and subsequent checks have been made yielding the same result. This represents (45%) of the population. Belal (2001) in Masud and Hossain (2012) assert that for descriptive studies, a minimum acceptable size depending on the type of research is considered to be ten (10) percent of the population. Therefore the sample size of the study is acceptable.

Annual reports of the surveyed banks were used to collect data for the study in keeping with other similar studies (Ponnu and Okoth 2009; Sweeney and Coughlan, 2011; Ebimobowei, 2011). Annual reports were used as they are common and popular means of communication to stakeholders and they command the actual situation of the company (Masud and Hossain, 2012). Besides, according to Gray *et al.* (1995) in Hossain and Reaz (2007) annual report is the only document regularly produced in compliance with regulatory requirements, and more importantly is central to the organization's construction of its own external image. Annual reports are also commonly used to signal what is important (April *et al.* 2003) and has some clear advantages over other forms of communication (Sweeney and Coughlan, 2011). Bayoud *et al.* (2012a) found also that companies exhibit greater concern to improve a company reputation via an increase of CSR information in annual reports.

3.2 Data analysis

Content analysis was used in the study consistent with other similar studies (Branco and Rodrigues, 2006; Ponnu and Okoth 2009; Alawi and Rahman 2011; Sweeney and Coughlan 2011; Masud and Hossain, 2012). Content analysis is simply a study technique used to determine the presence of certain words or concepts within text (Sweeney and Coughlan, 2011). The method involves examination, verifying and analysis of the annual reports of sampled commercial banks to observe the practices of CSR reporting (Masud and Hossain, 2012). For the current study the analysis was made in keeping with the CSR disclosure framework (**TABLE 1**).

Currently there is no universally agreed measurement framework. Therefore the framework was designed based on literature survey with modifications being made to suit the Malawian context. The studies that contributed to the making of the framework to the larger extent were Ahmad *et al.* (2003), Sufian (2012), Bayoud *et al.* (2012b), Yeshmin (2012) and Sobhani *et al* (2009) all of which were conducted in developing countries. The framework is made up of four themes namely: community involvement, human resources, environment and products and customers. In addition another section called statements is included. These themes comprise a number of testable dimensions as follows: 7 for community involvement; 16 for human resources; 8 for environment and 11 for products and customers. The "others" section contents 4 items.

TABLE 1: CSR disclosure framework

A. Disclosures of Community involvement		**C. Disclosures of Environment**	
1	Donation to public health	1	Environmental standard consideration for extending loan
2	Sponsorship to arts, sports and culture	2	Promoting environmental awareness
3	Scholarship programs	3	Tree plantation (Greening)
4	Assistance to vulnerable groups (women, orphanage, disabled etc)	4	Smoking free area in bank premises
5	Rural development	5	Environmental protection
6	Donation to the education, training and other organizations.	6	Sustainability
7	Branch opening	7	Energy
		8	Environmental policies
B. Disclosure of Human Resources		**D. Disclosures of Product and customers**	
1	Training, seminar and workshop	1	Customer satisfaction
2	Credit facilities under various loan policies	2	Customer complaints
3	Employee remuneration	3	Specific consumer relations (over and beyond "our duty to the customer)
4	Employee family welfare	4	Provision for disabled, aged etc customers
5	Good working environment	5	Provision for difficult to reach customers
6	Individual and Branch performance appraisal	6	SME (Small and medium enterprise) banking
7	Employee health and safety	7	Electronic/Online banking
8	Consultation with employees	8	Improvement of Customer Service
9	Equal opportunities	9	Product Research and development
10	Employee recreation	10	Information about quality of product/services
11	Number of employees receive the training	11	Agriculture and rural credit policy
12	Number of employees in the company		
13	Employees recruitment procedure	**D. Others (statements)**	
14	Employee satisfaction	1	Value added statement
15	Internship Program with cash allowance	2	Corporate governance
16	Part time job facility for the students	3	CSR / CSED in corporate vision
		4	CSR / CSED as title
		5	CSR / CSED pictorials

3.3 Measurement of CSR disclosure level

CSR disclosure level for the commercial banks was measured used CSR disclosure index. With reference to the adopted CSR disclosure framework, a dichotomous approach was used where an item scored one if it was disclosed in the annual report and zero if not disclosed (Hossain and Reaz, 2007; Bayoud *et al.* 2012a). CSR disclosure level was measured using Cooke's disclosure index, which is a ratio of the actual disclosure score to the expected disclosure score (Boolaky 2011). The overall and individual CSR scores for the banks are determined by the formula:

$$TI = TD/M = \sum_{1}^{m} di \,/\, \sum_{1}^{n} di$$

Where:

TI= Total CSR disclosure index;
TD= Total CSR disclosure score;
M= Maximum CSR disclosure score.
d= item of disclosure;
m=actual number of relevant disclosure items and
n = number of items expected to be disclosed.

4 Results and discussion

4.1 Extent of CSR disclosures

TABLE 2 presents the results of the individual theme and overall level of CSR disclosure by the sampled banks. The results indicated that all the sampled commercial banks (100%) made some sort of CSR disclosures in their annual reports. This is a good development considering that there is not active discussion aiming at promoting CSR disclosures in the annual reports within the banking industry and even among professional accountants in Malawi. The result suggests that banks are seeing the importance of undertaking CSR activities and being transparent through disclosures in the annual reports.

Excluding the section of "others", **TABLE 2** reveals that the sampled commercial banks relatively placed more emphasis in disclosing community involvement activities (0.49) consistent with Yeshmin (2012), followed by products and customers activities (0.38) and then human resources related issues (0.2). The least to be disclosed was environmental related activities (0.08). The scores are generally low unlike other studies for example Ahmed *et al.* (2012) where the highest score was (0.72) and the lowest was (0.49).

Consistent with Ahmed *et al.* (2012) the sampled banks are lagging far much behind in human resources and environmental aspects. The most surprising disclosure score is that of human resources theme. This is so considering that banking sector is a service sector where its customer services rely heavily on human capital (Goh 2005) therefore the expectation is that there will be more human resources related disclosures. It should be noted that 80% of the sampled banks had within the reports of either or both the chairman and the chief executive officer a section discussing employee related issues. Unfortunately not much was disclosed and that which was disclosed was superficial.

The low degree of disclosure of environmental related activities may be due to the perception that banks offer services with minimal effect on the environment (Akinpelu *et al.* 2013). However, Ahmed *et al.* (2012) assert that banks should admit the responsibility of indirect involvement in environmental damages and recognize their environmental responsibility. This is due to the fact that they are suppliers of funds to the polluting industries hence their lending and investment policies are equally environmentally sensitive (Branco and Rodrigues 2006). Furthermore banks consume vast amounts of resources, such as paper and energy, and create wastes (Branco and Rodrigues 2006). Therefore as part of their CSR, they are to strike a balance between economic and social goals to encourage the efficient use of resources (Ahmed *et al.* 2012).

The overall CSR disclosure score was (0.30) meaning that less than one third of the disclosable items were disclosed. This score suggests that the sampled banks are generally lagging behind hence efforts should be made to encourage CSR disclosures. The high CSR disclosure score was found to have positive effect on reputation score (Bayoud *et al.* 2012a) besides being an enabler to banks in accessing capital markets more efficiently (Hossain and Reaz, 2007).

TABLE 2
Levels of CSRD disclosure in the annual reports of the Banks

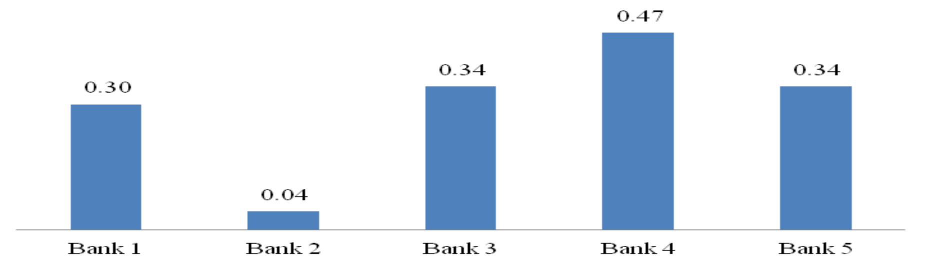
CSRD themes	Percentages of disclosing Banks	Minimum	Maximum	CSR disclosure Index
Community involvement	80%	0	0.86	0.49
Human resources	100%	0.06	0.25	0.20
Environment	80%	0	0.25	0.08
Product and Customers	80%	0	0.8	0.38
Others (statements)	100%	0.2	0.6	0.52
Overall CSR Score				0.30

4.2 Individual bank CSR disclosure scores

FIGURE 1 presents the individual CSRD scores for the sampled commercial banks. The highest scored (0.47) followed by two banks each scoring (0.34), and thereafter (0.3) and the lowest scoring (0.04). The results suggest that all the banks disclosed less than half of the disclosable items according to the CSR disclosure framework. The results indicate that the sampled banks have a lot to improve on CSR disclosures in their annual reports.

Disclosing more CSR information in annual reports is beneficial to image building of the banks. According to Bayoud *et al.* (2012a) a high level of CSRD score in annual report are more likely to improve corporate reputation, furthermore they found that CSRD score positively affects the reputation score. Furthermore disclosure enable a bank to access capital markets more efficiently (Hossain and Reaz, 2007)

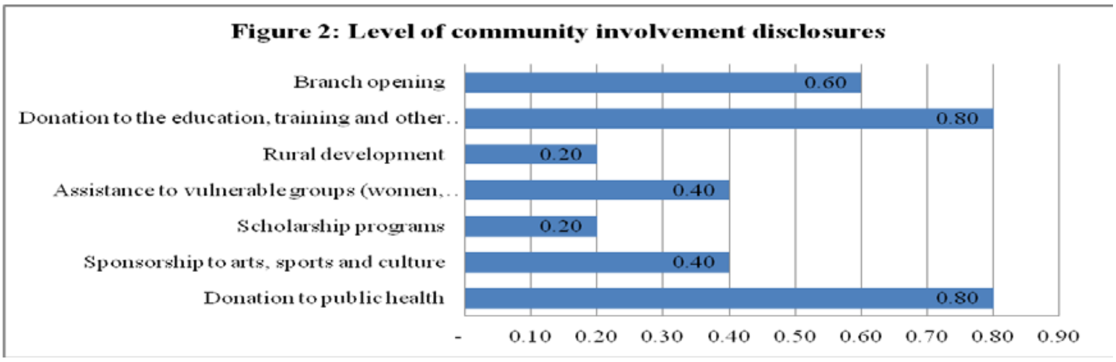
Figure1: Level of disclosure for individual Banks



4.3 Community involvement disclosures

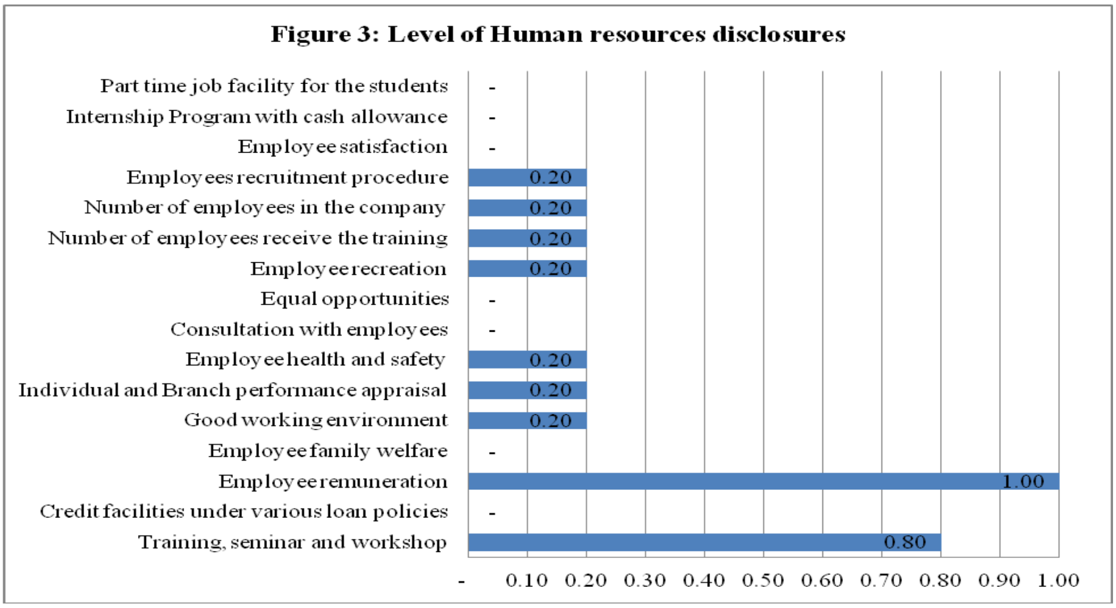
Companies depend on the health, stability, and prosperity of the communities in which they operate (Uddin *et al.* 2008). Community involvement disclosures seek to locate any dimension of corporate activity which pointed to an involvement of the company in the wider community, beyond the enhancement of shareholder financial wealth (Kuasirikun and Sherer 2004). The CSR disclosure framework had seven items relating to community involvement.

FIGURE 2 presents the details of the results of the analysis. Donations to education and donations public health both had highest scores (0.8), followed by branch opening (0.6) and assistance to vulnerable groups and sponsorship to arts, sports and culture both at (0.4). The least disclosed items were rural development and scholarship programs both scoring (0.2).



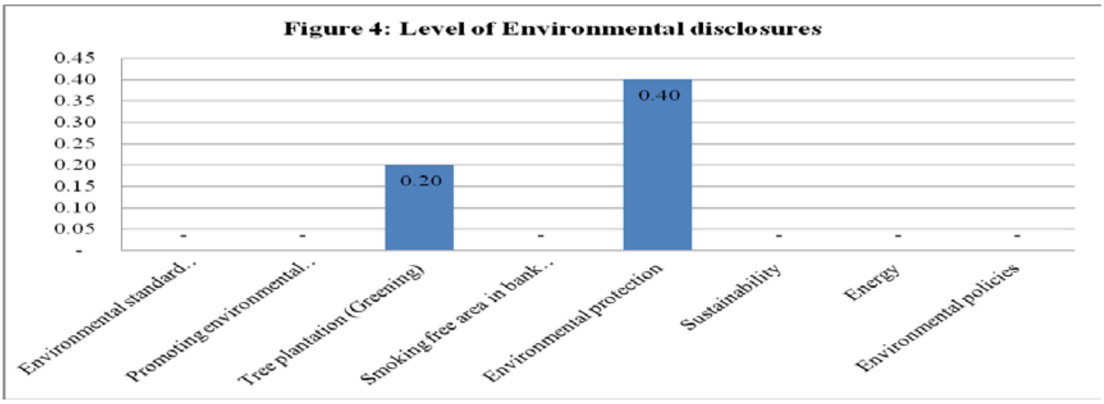
4.4 Human resources disclosures

According to Uddin *et al.* (2008) social responsibility to employees extends beyond terms and conditions of the formal contract of employment. **FIGURE 3** presents the results of the analysis of the human resources related disclosures. The framework had sixteen disclosable items relating to human resources of which only nine items were disclosed. The highest was employee remuneration (1.00) which means that it was disclosed by all the banks. This was largely because its disclosure is required by the accounting standards. It was followed by employee training (0.8). On the other hand no disclosures were made relating to employee's credit facilities, employee family welfare, consultations with employees, equal opportunities, employee satisfaction, internship program with cash allowance and part time job facility for the students.



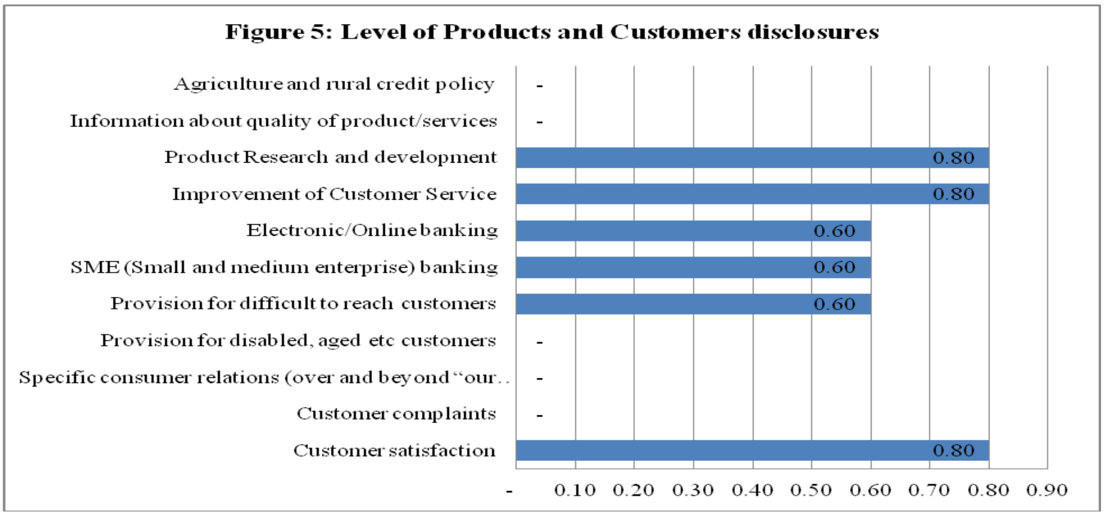
4.5 Environment disclosures

Environmental concern and sustainable development is a key pillar of the corporate social responsibility (Uddin *et al.* 2008), however **FIGURE 4** reveals that out of the eight disclosable items under the theme of environment the sampled banks disclosed only two namely: tree planting (0.4) and environmental protection (0.2).



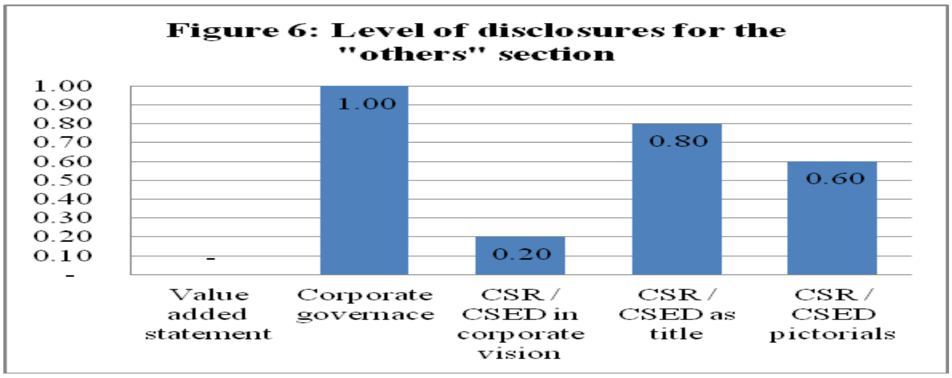
4.6 Products and customers disclosures

Products and customers disclosures reflect the concerns of a company for generating and maintaining customer satisfaction regarding the products (Ebimobowei 2011). There were eleven items of disclosure under products and customers theme. **FIGURE 5** provides the results of the analysis. The items scoring highest (0.8) were product research and development, improvement of customer service and customer satisfaction. That was followed by three other items that scored (0.6) namely: electronic/online banking; SME banking; and provision for difficult to reach customers. No disclosures were made for agriculture and rural credit policy; information about quality of product/services; provision for disabled, aged etc customers; specific consumer relations (over and beyond "our duty to the customer"); and customer complaints.



4.7 Others (statements) disclosures

Items of disclosure on CSR disclosure framework under this section were five. **FIGURE 6** presents the results. The results indicate that the highest score was (1.00) on corporate governance, followed by CSR/CSRD as a title (0.8), CSR/CSRD pictorials (0.6) and CSR/CSRD in vision (0.2). No disclosures were made regarding value added statement. It can be noted that all the sampled banks (100%) made disclosures relating the corporate governance. The analysis indicated that corporate governance disclosures are being taken serious as every bank evidenced by a report within the annual report articulating their corporate governance practices.



4.8 Location and form of CSR disclosures

CSR disclosures in the annual reports of the sampled banks were found either or both in the chairman's report and chief executive officers report. There were the popular locations. Exceptions were the disclosures regarding employee remuneration which were in the financial statements and note to the accounts; corporate governance which were in director's report; and CSR/CSRD pictures which were presents either amongst pictures of other corporate events or a section called social responsibility or CSR.

The CSR disclosures were generally in narrative form, with exceptions to employee remunerations and training and in some case donations which were expressed in monetary value. Below are some narrative statements reproduced from the annual reports analysed providing some examples of corporate social responsibility commitments of the sampled banks. The analysis revealed that only one bank included in its mission statement commitment to CSR as follows:

> *[The Bank] will deliver customer oriented services through a skilled and motivated team, with the view of maximising shareholder value, whilst remaining relevant to the communities in which we operate.*

The Chairman of the bank further stated the policy of the bank regarding its CSR expenditure as follows:

> *As a responsible corporate citizen, it is the bank's policy to contribute up to one percent (1%) of its profit after tax to worthy causes.*

The chairman also indicated the motivation of the board of directors as follows:

> *....the board believes its shareholders, customers, staff and other stakeholders will derive long term benefits from the investments made.*

Another bank stated CSR as one of its core values and provided that:

> *As a good corporate citizen, [the bank] will actively participate in deserving charitable and social activities.*

Another bank also describes its commitment to the society as follows:

> *[The bank] endeavours to contribute positively towards the wellbeing of the communities in the areas in which it operates. To this end, the Bank made several philanthropic acts in the year.*

The chairman of yet another bank merely acknowledged support from stakeholders as follows:

> *We gratefully acknowledge the continued support of our customers, shareholders and all other stakeholders over the past year and look forward to their continued support in the future.*

These were the statements that were made by the banks in their annual reports touching on the concept of CSR. The statements indicate acknowledged awareness of the CSR its importance and the need for disclosures for accountability. The study therefore provides insight of the existing ground for promotion of the CSR disclosures by the commercial banks in Malawi. Generally the sampled banks are making CSR disclosures in unstructured and unsystematic way. It may be as a result of the absence of a generally accepted presentation framework. This therefore calls for concerted effort by the accounting profession and other stakeholders to come up with an accepted framework to ensure adequate disclosures that are consistent and comparable.

As a way of ensuring consistency in CSR reporting, Ebimobowei (2011) recommended incorporation of CSR in legislation for all companies, development of social indicators at the national level and collaboration to expand research by professional accounting bodies. Uwalomwa & Uadiale (2011) called for the establishment of corporate social environmental disclosure themes able to provide foundation for improving environmental information disclosures among companies and setting up of guiding policy and principles by the standard setting bodies.

5 Conclusion

In the current age CSR is an important even to the companies in the banking sector. There are more benefits accruing to companies that undertake CSR activities and disclosures which including gains in economic efficiency (Hossain and Reaz, 2007), improving company reputation (Bayoud *et al.* 2012a), dialog between business and society (Branco and Rodrigues, 2006) and attraction and retention good employees leading to increasing organisational commitment (Bayoud *et al.* 2012a) among other benefits.

The study shows that sampled commercial banks relatively placed more emphasis disclosing community involvement and were least on environmental related activities. Surprising disclosure score was for human resources related information. Considering the importance of human resource in banking services provision, expectation was that the score will be higher or among the highest. Furthermore, the study found the overall CSR disclosure score of (0.3) was generally low. The study reveals that much needs to be done by sampled commercial banks in Malawi to ensure adequacy in terms of quality and quantity of CSR disclosures in their annual reports. All in all it is still quite comforting that all the sampled banks made some sort of CSR disclosures.

Future CSR studies should include assessing the quality of CSR disclosures and use not only the annual reports but also other forms of mass communication (Ponnu and Okoth 2009) for example newspapers, websites, radio, television, standalone reports, company newsletters etc. That will enrich the understanding of CSR disclosures generally in Malawi. A longitudinal study is also recommended in order to gain more insight of the trends in CSR disclosure practices over the years.

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