

# CORPORATE SOCIAL RESPONSIBILITY AND ACCOUNTING INFORMATION DISCLOSURE AMONG COMPANIES IN SWAZILAND

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## Abstract

*Organisations have been criticized for having their primary goal as profit maximization and not paying adequate attention to social and environmental factors in the communities in which they operate. Disclosure of corporate social responsibility (CRS) information has been steadily increasing in recent years, particularly in the developed countries. Corporate social responsibility and accounting information disclosure practices in Swaziland are still in their infant stage of development. This study examines accounting information disclosure among companies in Swaziland and their corporate social responsibility. It investigates the extent and type of annual reports in respect of social responsibility disclosure of 36 companies in four industries. Questionnaires and semi-structured interviews were used in this study to gather information. A total of 93 responses were received. Most of the data and analysis are as of November 2007. The results show that most of the companies provided social and environmental information disclosure on a voluntary basis. The majority of the companies were not aware of any laws governing corporate social responsibility in*

*Swaziland, and so they did not have a policy on CRS in their companies. Some companies did practice social responsibility while some did not, despite efforts made by the Swaziland Environment Authority to encourage them to do so. On overall, the manufacturing industry disclosed less social and environmental information than its other counterparts. Banking industry had the highest disclosure of social and environmental information. The study suggests that government regulations on Corporate Social Responsibility disclosure need to be reviewed and that a more detailed explanation on social and environmental accounting practice is needed.*

**KEY WORDS:** *Corporate social responsibility, Corporate disclosure, Accounting information disclosure*

## 1. Introduction

There is growing concern among individuals, businesses and governments about the environment. Sometimes, we do understand the impact that our actions will have on the world around us. Such impacts may be adverse or positive. Most often, it is adverse (Victoria, 2004).

As a result, governments and global organisations such as the United Nations have developed guidelines and legislations to help enforce particular environmental controls. The ultimate aim of these initiatives is to have a truly sustainable world where developments do not restrict the choices of future generations (Victoria, 2004).

Consequently, third and first world countries have come to realize that the best hope for economic development lies in a properly developed industrial environment, with all its benefits of reduced unemployment and poverty. This is also true of Swaziland (Dlamini and Joubert, 1994).

The issue of corporate social responsibility can not be overemphasised. Of concern have been the social and economic responsibilities of the firms. Businesses are increasingly placing importance on this subject as they report back to stakeholders. It has been noted by Kuasirikun and Sherer (2004: 629) that:

at a micro or corporate level, especially for publicly-financed companies, the growing economic success is fully reported in corporate reports for the investment purposes of current or prospective shareholders. Although the economic impact of business activity constitutes a large part of annual reports, other consequences of business activity are rarely made evident in these reports.

Therefore, there is need for full accounting information disclosure in addition to corporate annual reports. Accounting information disclosure is seen as a communicative system by which corporate activities are reported in the public sphere. Meanwhile corporate annual reports may not be a full representation or communication of

the overall corporate "performance" as might be desired. In this regard, this study examined whether the corporations in Swaziland provide full accounting information disclosure on their corporate social responsibility programmes in their annual reports. The study examined the contextualisation of accounting in Swaziland in order to facilitate an assessment of whether or not accounting practice in Swaziland adequately responds to its social context.

### **1.1 Problem Statement**

Managing an organisation where financial results are the only measures of success could be detrimental to future prospects if their impact on society and the environment is ignored. With the growing interest in environmental issues, 'consumer power' is on the rise (Victoria, 2004). The challenge is how to strike an acceptable balance between commercial concerns and the social responsibility of business enterprises. Although social reporting is not compulsory, only a limited number of countries (Denmark, France and the Netherlands) have introduced legislation to help enforce social reporting in their countries (Victoria, 2004). Corporate social responsibility and accounting information disclosure in Swaziland is still in its infant stage and industries in Swaziland are on a steady rise. The need for the company to be corporate responsible cannot be overlooked and can be seen in the light of: being a sustainable enterprise, attracting socially conscious consumers, attracting socially conscious investors, improves relations with governments and other regulatory bodies, promote good public image, and reduces stress on management and staff and permits improved morale.

Corporate social responsibility and accounting information disclosure practices in Swaziland is still in its infant stage (for example, compared to the long historical practice of financial reporting). Consequently, there is still much to be done on various issues (such as, how should organisations

account for their social and environmental performance; should externalities be attributed a 'cost' for financial reporting purposes; are social and environmental reporting practices really of benefit to the broader community, or do they simply act to legitimise existing social structures which benefit some groups at the expense of others?).

Given contextualisation of business practice in Swaziland, the study seeks to assess the extent to which corporate 'social' activity and responsibility are reported in annual reports in Swaziland, and how accounting information on the social and environment is treated and disclosed.

### **1.2 Research Objectives**

General objective: The study aims to sensitize and promote the accounting information disclosure among companies on their corporate social responsibility in Swaziland.

The specific objectives of the study are to:

1. Assess the extent to which corporate social responsibility and accounting information disclosure are being reported;
2. Determine the extent to which the company's financial conditions comply with corporate social responsibility; and
3. Identify the key challenges that might hinder companies from engaging in full accounting information disclosure on their corporate social responsibility programmes.

### **1.3 Justification**

This study was conducted because, in addition to reporting to shareholders of the company, the directors need to be aware of other user groups who are interested in accounting information. These user groups include employees of the company and, more controversially, the public. The controversy arises when considering whether or not organisations are responsible for 'social actions', that is, actions which are detrimental to the society but does not add value to the business in

terms of maximising shareholders' values.

Consequently, directors need to be concerned with how to report upon the application of social policies adopted by their organisation, and how they have impacted upon the organisation and its environment. An organisation that does so effectively will not only be providing user groups with rich information from which to form a view concerning its social ethos, it will also be enhancing its ability to take decisions appropriate for its own longer-term survival and prosperity.

### **1.4 Expected Impact**

This study will help to improve and encourage accounting information disclosure on corporate social responsibility among companies in Swaziland, and seek for more enabling and meaningful accounting practices which are more aligned to the needs of the society. The information provided in this study will be useful to different stakeholders including companies, government, and Swaziland Institute of Accountants in formulating appropriate policies.

### **2.0 Review Of Literature**

Given the size of corporate organisations and the extent to which the economy depends on their continued prosperity, organisations must strive at all times to achieve both organisational and societal goals. The amount of attention given to the area of corporate social responsibility by both management and society has increased in recent years and probably will continue to increase in the future. In this section, literature relating to the following key aspects will be reviewed: corporate social responsibility and accounting information disclosure, the nature of corporate social responsibility, the scope of corporate social responsibility, and the legitimacy theory as an explanatory theory of environmental disclosure. These are now discussed in turn.

### 2.1. The nature of corporate social responsibility

The concept of social responsibility extends beyond notions embodied in current law. Essentially, it represents an emerging debate having its source in political and social theory. The concept of social responsibility introduces new problems. First, there is as yet no generally accepted concept of the social responsibility of business enterprises. Almost everyone agrees that they should be socially responsible, though it may be argued that such a view is merely an extension of the universally accepted doctrine that individual, either singly or in groups, should weigh the impact of their actions on others (Glautier and Underdown, 2002). The concept of corporate social responsibility has been advocated by Friedman (1962: 133) in the following terms:

There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits, as long as it stays within the rules of the game, which is to say, engages in open and free competition, without exception or fraud. . . . Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible.

Friedman's view have been faulted on a number of counts. Firstly, it implies that free competition which defines the rule of the game still exists, when as an economist he knows we have long since mourned its demise. Secondly, companies cannot evade their social responsibilities, because their own actions have caused or exacerbated many of the problems with which society is now grappling.

Perhaps, there should be an iron law of responsibility which will state that in the long run, those who do not use power in a manner that society considers responsible will tend to lose it. Even, it is in the best interest of companies to look beyond profit and act in a socially responsible way. Companies have an enormous investment in the society of which they are a part of, and for them to ignore social problems might in the long run be self-destructive.

### 2.2. The scope of corporate social responsibility

Zadek et al. (1997:52) have identified several areas in which corporate social responsibilities are of major concern. These areas are:

- Environmental protection: This area involves the environmental aspects of production, covering pollution control in the conduct of business operations, prevention or repair of damage to the environment resulting from processing of natural resources and the conservation of natural resources.
- Fair business practices: This area concerns the relationship of the company to special interest groups.
- Energy saving: This area covers conservation of energy in the conduct of business operations and increasing the energy efficiency of the company's products.
- Human resources: This area concerns the impact of organisation activities on the people who constitute the human resources of the organisation.
- Community involvement: This area involves community activities, health-related activities, education and the arts.
- Products: This area concerns the qualitative aspects of the products, for example their utility, life-durability, safety and serviceability, as well as their effect on pollution.

Stromberg (1994: 98) suggested that corporate social responsibility is taking more than just the immediate interest of the shareholders into account when making business decisions. Other issues commonly associated with corporate social responsibility include:

- Environmental pollution from production and/or consumption of products;
- Standards of factory and product safety;
- Non-discrimination in employment and marketing practices;
- Avoidance of the use of non-renewable resources;
- Non-production of socially undesirable goods;
- Production of non-degradable packaging or products.

In business decisions, a conflict may be encountered between what furthers the firm's interests and what satisfies society. Therefore, there is need for appropriate policy(s) to be in place.

### **2.3. Corporate social responsibility and accounting information disclosure**

Content analysis of corporate reports has been widely mobilised in the social and environmental accounting literature to identify the characteristics of corporate social and environmental disclosure (Adams et al., 1998; Bowman and Haire, 1976; Roberts et al., 1995). Typically, such content analyses of annual reports have sought to analyse corporate annual reports in terms of what they indicate (or do not indicate) about employees and their conditions, what they bring to light (or what they suppress) regarding the impact of the corporation's activity upon the environment, and what openness they bring (or what silences they maintain) in respect of other dimensions of the impact of corporate activity. Such analyses are useful in that they can suggest insights into actual and potential practices, and contribute to the development of better disclosure practices. This is

often the case even where some of the analyses have not obviously or explicitly been motivated by such concerns (Kuasirikun and Sherer, 2004).

Corporate social reporting is "the process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and society at large" (Gray et al., 1987). Although corporate social reporting has been the subject of substantial academic research for more than two decades, the corporate social reporting literature is dominated by empirical studies in the industrialized countries of Western Europe, the USA and Australia. Even international comparative studies of corporate social reporting have focused on analyses of the differences and similarities of corporate social reporting practices in these countries only (Guthrie and Parker, 1990). It is dangerous to generalize the results of these studies to less developed countries as the stage of economic development is likely to be an important factor affecting corporate social reporting practices. Moreover, cultural and national differences are likely to affect accounting practices in general and corporate social reporting practices in particular (Mathews, 1993; Perera and Mathews, 1990). Though some improvements have been made (Chow and Wong-Boren, 1987; Singh and Ahuja, 1983), there is still a relative paucity of empirical studies on corporate social reporting practices in developing and newly industrialized countries. Another feature of existing studies is that with few exceptions (Gray et al., 1995; Guthrie and Parker, 1989), most of the studies are cross-sectional in nature. As such, it is not possible to trace the development of corporate social reporting practices, except by reviewing the literature over time.

### **2.4. Legitimacy theory as an explanatory theory of environmental disclosure**

Legitimacy theory is based on the idea that in order to continue operating successfully, corporations must act within the bounds of what society

identifies as socially acceptable behaviour (Gray, 2002). Since an organisation relies on societal resources that can be put into alternative uses, society evaluates the usefulness and legitimacy of the organisation's activities (Parsons, 1956). Obtaining legitimacy is thus important for the purpose of demonstrating social worthiness and mobilizing resources (Oliver, 1991). Legitimacy theory is:

based upon the notion that business operates in society via a social contract where it agrees to perform various socially desired actions in return for approval of its objectives, other rewards and its ultimate survival (Guthrie and Parker, 1989: 344).

Studies on corporate legitimacy have gathered momentum over the past two decades (Eric, 1998). In his comprehensive review of the subject, Suchman (1995: 574) defines legitimacy as:

a generalized perception or assumption that the actions of any entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.

In order that an organisation is deemed legitimate, it has to establish congruence between the social values implied by its activities and the societal norms (Dowling and Pfeffer, 1975).

When legitimacy theory is applied to the domain of corporate social reporting, it is argued that corporate disclosure is made in response to environmental factors and that corporate social reporting legitimizes corporate actions (Preston and Post, 1975). Sufficient information needs to be disclosed for society to assess how far a company is a good corporate citizen.

Legitimacy theory implies, given a growth in

community awareness and concern, that firms will take measures to ensure their activities and performance are acceptable to the community. The annual report may, therefore, be used to reinforce the community's perception of management's responsiveness to specific environmental issues, or alternatively to divert attention from adverse environmental situations (Patten, 1992; Deegan and Rankin, 1996).

Overall, there is much to be done in the business world to return part of the profit that the companies do make to the society. Both the society and the companies cannot operate in vacuum, they need each other. The developed countries have benefited in various ways from the activities and donations to various programmes by companies operating in their countries. Less impact of such has been felt in the developing world, and Swaziland is no exception. Therefore, this study is necessary to look at the activities of companies operating in Swaziland vis-a-vis their socially responsible programmes as not enough work has been done in this area in Swaziland.

### **3.0. RESEARCH METHODOLOGY**

#### **3.1. Research method**

The study used qualitative and quantitative methods. Data were drawn from both primary and secondary sources from selected industries in Swaziland namely: banking, manufacturing, and hotel industries around the key major cities. All the banks and the hotels were sampled. For the manufacturing industry, 40% of the companies were covered which the researchers considered to be representative using stratified sampling technique. Auditing and Accounting firms also were included for this study because they play a major role to disclose companies' financial information on corporate report and they have a broad perspective on companies' financial information which could also be a source of the companies' attitudes towards social reporting.

The researchers also collected data using semi-structured interviews. This was complemented with questionnaires for detailed analysis. The semi-structured interview was used for the senior executives' cadres while the questionnaires were for other cadres in the selected industries.

### 3.2. Research instrument

Secondary data were extracted from annual corporate report and other relevant documents. The interview schedule was pre-tested for potential ambiguities and for content validity. Validity and reliability measures such as content and construct validity was employed to assess authenticity of the result.

### 3.3. Data analysis

Data for this study were analysed using the Statistical Package for the Social Sciences (SPSS) PC + v10 2000 (SPSS, 2000).

### 4.0. Results/ Findings and Discussions

Table 1 shows how many companies were conducted, responded and how many respondents participated. A total of 42 companies from the three selected industries were conducted for the study of which 26 companies were from manufacturing industry, eight companies were from banking industry and eight companies were from hotel industry. Out of 42 conducted companies, 36 companies (86% of the total population) responded of which 22 companies were from manufacturing industry, eight companies were from banking industry and six companies were from hotel industry. Only six companies did not respond (14% of the total

population) of which four companies were from manufacturing industry and two companies were from hotel industry. In conducting the study, we sent out a total of 126 questionnaires to 42 companies. Three questionnaires were given to each company in order to obtain an appropriate source of a company's attitudes towards social reporting and be able to address questions investigating perceptions of corporate social disclosure. Questionnaires were given to Human Resource department, Accounts department, and General Manager of each company to gather sufficient information about the various social and environmental aspects from numerous sources within the company. Most of companies returned all the three questionnaires: some of them returned two questionnaires, and very few returned only one questionnaire. A total of 93 respondents from the 36 responded companies participated in the study of which 24 respondents (26%) were from the banking industry, 55 respondents (59%) were from manufacturing industry and 14 respondents (15%) were from the hotel industry. Total six Auditing and Accounting firms were conducted for this study. A total of 12 respondents (100% of total target population) from Auditing and Accounting firms were participated in the study. The analyses of the study have been done on the base of total 93 respondents.

Only four specific social responsibility areas were considered in this study. They were environment, human resources, community involvement, and products and safety. These are the common areas of social responsibility in any sector of the industry.

**Table 1**  
**Sub-Sample Sizes and Response Rates**

Industry sector	No. of target companies	No. of responded companies	No. of non responded companies	No. of respondents from responded companies	Percentage of the responded population
Banking	19% (08)	19% (08)	-	24	26%
Manufacturing	62% (26)	53% (22)	09% (04)	55	59%
Hotel	19% (08)	14% (06)	05% (02)	14	15%
Total	100% (42)	86% (36)	14% (06)	93	100%

Table 2 indicates the degrees to which annual reports of the selected industries reflect the current reality of social responsibility. Table 2 shows that majority (74% of the total respondents) were aware of Corporate Social Responsibility (CSR) concept whereas only 36% were aware of any laws governing CSR in Swaziland, 63% were not aware

of any laws governing CSR in Swaziland. While 61% of respondents said that they do have CSR policy in their companies, 35% said that they do not have such policy in their companies, and 4% did not respond on whether companies had any policy on CSR.

**Table 2**  
Current reality of social responsibility by industry

Current reality of social responsibility	Banking		Manufacturing		Hotel		Total		
	Yes	No	Yes	No	Yes	No	Yes	No	Total
Awareness of CSR concept	22	02	43	12	04	10	69 (74%)	24 (26%)	93 (93)
Awareness of any laws governing CSR in SD	13	11	19	35	01	13	33 (36%)	59 (63%)	92 (93)
CSR policy in the company	22	02	26	27	09	03	57 (61%)	32 (35%)	89 (93)
Reports on social and environmental impact	14	10	17	34	02	12	33 (36%)	56 (60%)	89 (93)

Respondents were requested to indicate (as much as they could) the major reasons 'for having CSR policy' and 'for not having CSR policy' in their companies. Amongst those having CSR policy, 82% of respondents indicated that they want to

create and maintain a favourable corporate image, 67% said to fulfil environmental laws and regulations, 58% said for risk reduction and waste minimisation, while 14% do it for other reasons (Table 3).

**Table 3**  
Major reasons for having CSR policy by industry

Reasons for having CSR policy	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
To create/maintain a favourable corporate image	20 (22)	24 (26)	03 (09)	47 (57)	82%
To fulfill environmental laws and regulations	17 (22)	12 (26)	09 (09)	38 (57)	67%
Risk reduction and waste minimization	12 (22)	12 (26)	09 (09)	33 (57)	58%
Others	01 (22)	05 (26)	02 (09)	08 (57)	14%

On the other side (those not having CSR policy) while 22% of respondents said that their companies are not aware of any damages caused to the environment, 13% of respondents said that their companies are aware but the damage caused

is insignificant. 28% of respondents said that there is information gap on the problem solution, 34% said that there are costs associated with the formulation of such policy, and 03% of the respondents mentioned other reasons (Table 4).

Table 4  
Major reasons for not having CSR policy by industry

Reasons for not having CSR policy	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
Company is not aware of any damage caused to the environment	01 (02)	06 (27)	0 (03)	07 (32)	22%
Company is aware but the damage is insignificant	0 (02)	04 (27)	0 (03)	04 (32)	13%
Information gap on the problem solution	01 (02)	05 (27)	03 (03)	09 (32)	28%
Costs associated with the formulation of such policy(s)	0 (02)	11 (27)	0 (03)	11 (32)	34%
Others	0 (02)	01 (27)	0 (03)	01 (32)	03%

Table 5  
Reasons for not having report on social and environmental impact activities by industry

Reasons for not having report on environmental impact	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
There is no need for such a report	03 (10)	15 (34)	0 (12)	18 (56)	32%
It is optional	02 (10)	07 (34)	12 (12)	21 (56)	38%
It requires additional resources	04 (10)	10 (34)	0 (12)	14 (56)	25%
Others	01 (10)	02 (34)	0 (12)	03 (56)	05%

It was found that 56 of the total respondents (60%) said that they do not produce reports on social and environmental impact (Table 2). Reasons are: 18 respondents said that there is no need for such a report, 21 respondents said that it is optional, 14 respondents said that it requires additional resources, and 03 respondents said for other

reasons (Table 5). However, 36% do produce reports on social and environmental impact of its activities and 4% did not respond (Table 2).

Table 6 and 7 indicate the extent to which CSR and accounting information disclosure are being reported.

Table 6  
Auditing and Accounting firms' view on CSR disclosure in SD

Disclosure on CSR	Yes	No	No. of respondents Total
Awareness of CSR in SD	92% (11)	08% (01)	12 (12)
Awareness of any laws governing CSR in SD	33% (04)	67% (08)	12 (12)
Adequateness of current disclosure on CSR	08% (01)	92% (11)	12 (12)
Scope of conducting audits on environmental accounting and reporting results on CSR	25% (03)	75% (09)	12 (12)
Need more detail explanations on environmental accounting	92% (11)	-	11 (12)
Need to review Government regulations on disclosure	92% (11)	08% (01)	12 (12)

According to the view of Auditing and Accounting firms on CSR disclosure in Swaziland, 67% were not aware of any laws governing CSR in Swaziland, only 33% were aware of any laws governing CSR in Swaziland. It was found that 92% of respondents believe the current disclosure on CSR in Swaziland is not adequate, and 75% of respondents said that they do not conduct audits on

environmental accounting and reporting results on CSR as a track for social responsibility practice by the industry in Swaziland. Majority (92% of the respondents) think that a more detailed explanation on environmental accounting is needed and Government regulations on CSR disclosure need to be reviewed (Table 6).

Table 7  
Type of social responsibility information disclosed in SD by three industry sectors

Categories of disclosure	percentage (average number of respondents)			
	Banking	Manufacturing	Hotel	Total
Environment disclosure	50% (12 of 24)	49% (27 of 55)	57% (08 of 14)	51% (47 of 93)
Human resources disclosure	75% (18 of 24)	56% (31 of 55)	57% (08 of 14)	61% (57 of 93)
Community involvement disclosure	71% (17 of 24)	44% (24 of 55)	43% (06 of 14)	51% (47 of 93)
Products and safety disclosure	38% (09 of 24)	31% (17 of 55)	29% (04 of 14)	32% (30 of 93)

Table 7 presents categories of disclosure of social and environmental information as CSR by each industry. An analysis of 93 respondents' response (from 36 responded companies) on CSR disclosures revealed that overall 51% provide environment disclosure, 61% provide human resources disclosure, 51% provide community involvement disclosure, and only 32% provided products and safety disclosure. Table 7 shows that human resource information got the widest coverage. The amount of information disclosed under human resource is higher than any other three categories. It seems that other issues such as environment, community involvement, and

products and safety were given less attention by the companies. As to the reliability of social information disclosed, it is reasonable to believe that disclosure under community involvement should be more reliable than that under the other three categories. It is because community activities attract public attention and can be readily verified by outside parties (Tsang, 1998). Though the results of the other two pairs of industries are not statistically significant, it was found that manufacturing industry disclosed less social and environmental information than its counterparts. However, banking industry, on average, has the highest proportion of disclosing social and

environmental information than others. Evidence found that there are no specific regulations requiring their social and environmental information disclosure in Swaziland. All environment, human resources, community involvement, and products and safety disclosures were undertaken on a voluntary basis.

Table 8, 9, 10, & 11 indicate the second objective of the study which is to determine the extent to which the company's financial conditions comply with CSR through four categories of social and environment information disclosure such as environment, human resources, community involvement, and products and safety. In examining the nature and extent of disclosure of four categories, we will now consider the social and environmental information disclosure practices of the three selected industries.

### Environment disclosure

Table 8 offers a comparative overview of environment disclosure in Swaziland by three industry sectors. This is clearly a very positive recognition that such a company acknowledges its responsibility to the environment, the company's input and return from conscious and positive environmentalism might be further quantified in numerical terms. The researchers divided the actions concerning the environment disclosure into two categories such as internal CSR and external CSR. Internal CSR covered the issues of providing fire extinguisher and fire exits in the factory (83%), protective clothing (69%), internal safety warnings/laws (74%), safety training programmes (65%), and others (e.g., first-aid kit) (13%). External CSR covered the issues such as "stop littering" warnings/ facilities (41%), anti-water/air pollution (27%), health regulation compliance (76%), and others (e.g., clean up programme) 12%.

**Table 8**  
**Overview of companies' environment disclosure in SD by three industry sectors**

Subjects of companies' environment disclosure	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
<b>Internal CSR:</b>					
Fire extinguisher and fire exits	21 (24)	43 (55)	13 (14)	77 (93)	83%
Protective clothing	14 (24)	37 (55)	13 (14)	64 (93)	69%
Internal safety warnings/laws	19 (24)	36 (55)	14 (14)	69 (93)	74%
Safety training programmes	16 (24)	30 (55)	14 (14)	60 (93)	65%
Others (e.g., first-aid kit)	04 (24)	07 (55)	01 (14)	12 (93)	13%
<b>External CSR:</b>					
Stop littering warnings/facilities	11 (24)	23 (55)	04 (14)	38 (93)	41%
Anti-water/air pollution	04 (24)	18 (55)	03 (14)	25 (93)	27%
Health regulation compliance	18 (24)	41 (55)	12 (14)	71 (93)	76%
Others (e.g., cleanip programme)	03 (24)	06 (55)	02 (14)	11 (93)	12%
Average No. of respondents	12 (24)	27 (55)	08 (14)	47 (93)	51%

Though overall 51% provided environment disclosure (as indicated in Table 7) which is a positive environment concern, the overall environment disclosure is still remains inadequate for effective monitoring of the environment dimension of corporate activity. Companies are not giving sufficiently detailed information about the impacts of business activity and about the actions taken to prevent or counter possible negative effects on the environment. At the current level of corporate environment disclosure, it is

very difficult for investors or the public to get sufficient knowledge of exactly how the company's activities may impact on the environment and the community at large. While there is nothing wrong with portraying companies in a positive light for their environmentalism, it is important to constitute disclose so as to provide comprehensive detail of the companies' intention and actions, such as a clear and audited disclosure of environment and outcomes (Kuasirikun and Sherer, 2004). As industrialization progress in

Swaziland, it is therefore important to implement a strong legislation on environmental pollution and industrial safety by the Government.

At Government level in Swaziland it could be said that the Ministry of Natural Resources and Energy plays a major role in environmental protection, coordinating national environmental activities and facilitating international environmental link. The

Ministry of Agriculture and Cooperatives and the Ministry of Health also play major roles as well (Dlamini and Joubert, 1994). The SEA<sup>1</sup> regulates the Environmental Management Act of 2002 which companies need to comply with. Other agencies<sup>2</sup> and programmes have also been established for environmental management and protection.

**Table 9**  
**Overview of companies' human resources disclosure in SD by three industry sectors**

Subjects of companies' human resources disclosure	Banking	Manufacturing	Hotel	No. of respondents Total	Per
Employment status depends on level of qualifications:	24 (24)	45 (55)	14 (14)	83 (93)	89
Workers development in terms of training:					
In-house and/or outside training programmes	24 (24)	40 (55)	10 (14)	74 (93)	80
Educational scholarships	14 (24)	27 (55)	06 (14)	47 (93)	51
Seminars	20 (24)	25 (55)	08 (14)	53 (93)	57
Support further academic training:	15 (24)	23 (55)	05 (14)	43 (93)	46
Provide fringe benefits:					
Medical provision	20 (24)	20 (55)	08 (14)	48 (93)	52
Housing & special living allowance	18 (24)	22 (55)	10 (14)	50 (93)	54
Accident & health/life insurance	08 (24)	36 (55)	05 (14)	49 (93)	53
Emergency funds	14 (24)	28 (55)	04 (14)	46 (93)	49
Welfare packages	20 (24)	30 (55)	10 (14)	60 (93)	65
Employees' career prospects:	18 (24)	34 (55)	09 (14)	61 (93)	66
Other assistance:					
Health & safety in the work place	24 (24)	55 (55)	14 (14)	93 (93)	100
Bonus to employee	12 (24)	32 (55)	05 (14)	49 (93)	53
Compensation	05 (24)	20 (55)	04 (14)	29 (93)	31
Recreation activities	20 (24)	22 (55)	07 (14)	49 (93)	53
Uniforms	24 (24)	40 (55)	14 (14)	78 (93)	84
Average No. of respondents	18 (24)	31 (55)	08 (14)	57 (93)	61

<sup>1</sup> SEA: Swaziland Environmental Authority conducts workshops and public awareness campaigns. They are in the process of finalising a national environmental policy. They also have a project on pollution control and monitoring.

<sup>2</sup> Other agencies include The Swaziland National Trust Commission, Natural Resources Board, Rural Development Area Program, and The Central Rural Development Board. All these agencies have developed programmes to create public awareness on environmental issues (Dlamini and Joubert, 1994).

#### Human resources disclosure

The highest overall category of disclosure is the human resource disclosure. The amount of human resource reporting is higher than other reporting types (Table 7). Table 9 indicates the employment status in regarding employees' qualification. 89%

indicated that their employment status depends on their level of qualifications and 66% said that there are career prospects at place of work. The table shows that companies are involved in workers development training schemes and supporting further academic training for their employees.

Workers development training schemes consist of the provision of in-house or outside training programmes for their employees (80%), the provision of educational scholarships (51%), and arranging relevant seminars (57%). 46% respondents indicated that their companies support further academic training. Table 9 also indicates that companies provide fringe benefits to their employees such as medical provision (52%), housing and special living allowance (54%), accident and health/life insurance (53%), emergency funds (65%), and welfare packages (66%). Furthermore, companies provide some other facilities such as health and safety in the work place (100%), bonus to employee (53%), compensation (31%), recreation activities (53%), and uniforms (84%).

There are clearly tangible benefits to both employees and company as a result of such educational and training programmes and interventions, even though this mutual benefit would appear to come about in part as a result of concerns to use employees more effectively in terms of corporate aims (Kuasirikun and Sherer, 2004). Further more, Table 9 shows that the importance of knowledgeable personnel in terms of qualifications and development of its personnel via training programmes were given most priority by the companies to ensure the top quality of its staff so that they grow and progress along with the company's business and to help it achieve its operational goals.

**Table 10**  
Overview of companies' community involvement disclosure in SD by three industry sectors

Subjects of companies' community involvement disclosure	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
Consideration of immediate community environment in operations by company:					
Activities rendered by company to assist the community:					
Supporting education	20 (24)	25 (55)	06 (14)	51 (93)	55%
Charity	20 (24)	26 (55)	06 (14)	52 (93)	56%
Sport	18 (24)	15 (55)	04 (14)	37 (93)	40%
Supporting poverty alleviation	14 (24)	25 (55)	06 (14)	45 (93)	48%
Swazi cultural heritage	20 (24)	30 (55)	10 (14)	60 (93)	65%
Community campaign about HIV/AIDS	10 (24)	20 (55)	04 (14)	34 (93)	37%
Donations/sponsorships and community supports	14 (24)	17 (55)	02 (14)	33 (93)	36%
Average No. of respondents	17 (24)	24 (55)	06 (14)	47 (93)	51%

#### Community involvement disclosure

More companies are becoming involved in community across the country. About 62% of respondents indicated that their companies take into consideration their immediate community environment in their operations (Table 10). Community involvement disclosure, as indicated in Table 10, includes supporting educational activities (55%), giving donations to charity organisations (56%), supporting sporting activities (40%), supporting poverty alleviation

(48%), support for Swazi culture (65%), community awareness activities about HIV/AIDS through community campaigns (37%), and supporting donations and other community supports activities (36%).

The table indicates that majority support for Swazi culture which can be considered to preserve Swazi cultural heritage. The nature of this support reflects a prominent sense of Swazi national culture and identity.

The community involvement disclosure is ambiguous. It reflects positive dimension of current business practice and existing reporting practice does give insight into what is valued in the

society. As is the case with human resources and environment disclosure, the benefits to the company of its community involvement seem to be de-emphasised.

**Table 11**  
Overview of companies' products and safety disclosure in SD by three industry sectors

Subjects of companies' products and safety disclosure	Banking	Manufacturing	Hotel	No. of respondents Total	Percentage
Products:					
Inclusion of expiry dates on products	12 (24)	23 (55)	03 (14)	38 (93)	41%
Waste products:					
Recycled	11 (24)	24 (55)	04 (14)	39 (93)	42%
Decomposed	0 (24)	06 (55)	01 (14)	07 (93)	08%
Dumping in a neutral place	14 (24)	26 (55)	14 (14)	54 (93)	58%
Others (e.g., donated, shred/burnt)	06 (24)	05 (55)	0 (14)	11 (93)	12%
Average No. of respondents	09 (24)	17 (55)	04 (14)	30 (93)	32%

#### Products and safety disclosure

It was found that the lowest overall category of disclosure is the product and safety disclosure (Table 7). The companies paid less attention to products and safety disclosure. One reason may be due to the lack of proper legislation. The products and safety disclosure mainly covered issues such as recycling companies' waste products (42%), decomposing companies' waste products with time (08%), dumping companies' waste products in a neutral place or at the dumping site (58%), and other issues (12%) such as donating and/or burning companies' waste products within the company's premises (Table 11). Table 11 also shows the issue of inclusion of expiry dates on products (41%).

#### 5.0. Conclusions

This paper examined attributes of CSR of three industries in Swaziland, namely banking, manufacturing, and hotel. A total of 93 responses were received from the three industry sectors. Of these, 55 were from manufacturing industry, 24 were from banking industry, and 14 were from hotel industry. A major limitation of this study is that it covers three industries only and thus the results may not be representative of Swaziland companies in general.

The study shows that little is known of the

actualities or possibilities of CSR in Swaziland. In Swaziland, the existing CSR practices by industry are inadequate. Most of companies provide social and environmental disclosure on a voluntary basis as there are no specific regulations requiring their social and environmental information disclosure in Swaziland. The result shows that majority were not aware of any laws governing CSR in Swaziland, but they do have CSR policy in their companies. The result was somewhat surprising – the manufacturing industry in fact disclosed less social and environmental information than its counterparts. As a result, manufacturing industry paid less attention to CSR practices than others. However, the banking industry had the highest proportion of companies which disclose social and environmental information.

Though the overall level of disclosure was low (Table 7), the majority of the companies disclosed at least some social and environmental information. It indicates that the most of the companies are capable of disclosing social and environmental information and that a general social and environmental awakening has occurred in the industries studied in Swaziland. This is a positive step towards further development of social and environmental reporting practice in Swaziland. Such developments will contribute to

the future development of accounting in fulfilling its role as meaningful communication process and representation of corporate accountability, not only to those with financial interests in these companies, but also to the wider community.

In conclusion, our study indicates that in Swaziland, there is need for continued dialogue between business and its stakeholders to enable substantive action toward achieving sustainable business practices that will lead to disclosure of activities relating to social, environmental concerns.

#### 6.0. Recommendations

- Due to the general absence of research into corporate social and environmental information disclosure in the Swazi context, further research is warranted into the processes that companies undertake to develop and implement social and environmental reporting policies towards CSR practice. For example, case studies would be useful in determining whether the processes of policy development, standard setting and performance evaluation are interrelated.
- To raise the standard of CSR practice in Swaziland, proper guidelines should be formulated by relevant Government organisations along with the accounting profession, Government regulations on CSR disclosure need to be reviewed, and a more detailed explanation on social and environmental accounting practice is needed.
- Further research is also necessary in this respect to explore how the Swazi accounting profession and relevant Government agencies might be engaged in exploring and developing a more enabling accounting practice which accommodates and provides balanced representation (in both numerical and narrative forms) of financial, social and

environmental aspects of company performance in the Swazi context.

As CSR is at an infant stage of development in Swaziland, Government organisations should put more emphasis to increase companies' awareness of their social responsibility. The following factors may contribute to increase the awareness of CSR:

1. Put more emphasis on training the workforce in order to raise productivity. For example, relevant Government organisations may help companies to improve the quality of their staff.
2. Promote cultural activities in the country, and there is a need for corporate sponsorship of these activities.
3. Arrange workshops and seminars across the country where social responsibility is addressed among the stakeholders to explain why organisations should produce social and environmental information.
4. Government investigation of violations of environmental regulations and prosecution of culprits.
5. Introduction of environmental audits.

Finally it is hoped that this study will motivate further investigation of social and environmental reporting in the Swazi context.

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