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Drivers of financial and social disclosure by savings and credit cooperatives in Kenya: A managerial perspective

David M. Mathuva

Strathmore University Business School, Strathmore University, P.O. Box 59857, 00200 Nairobi, Kenya

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1. Introduction

This study investigates managerial perspectives on the rationale and drivers of financial, social, strategic, governance and environmental disclosure in the annual reports of savings and credit cooperatives (SACCOs) in Kenya.[1] Studies on cooperative disclosure and accountability have largely focused on annual report readership (Lord, Shanahan, & Robb, 2005; Shanahan, Lord, & Robb, 2007), financial accountability in credit unions (Hyndman & McKillop, 2004; Hyndman, McKillop, Ferguson, & Wall, 2004), determinants of voluntary disclosure of bad loans in small credit associations (Mathuva, Memba, & Mboya, 2015; Spiegel & Yamori, 2004) and disclosure framework for credit unions (McGrath, 2008). However, sparse literature exists on managerial perspectives on financial, social and other voluntary disclosures by cooperatives.

Whereas studies such as Hyndman et al. (2004) and Hyndman and McKillop (2004) examine financial disclosures by credit unions in Ireland and the U.K. respectively, the inquiry performed is basic and does not reflect the disclosure of wider social information by credit unions. Therefore, the present study examines a broader spectrum of financial, social and other voluntary disclosures by credit unions in a developing country from a managerial perspective. The study focuses on credit union managers (supply-side of disclosure) because managers are responsible for preparing the disclosures and can influence disclosure decisions (McFie, 2006). Lord et al. (2005) find that an important function of SACCOs' annual report is to provide members with an indication of the value of the cooperative and the fair value of their shares. Lord et al. (2005) find profit as an important aspect that is of interest to majority of SACCO members when reading the annual report.

Despite the governance and transparency challenges faced by SACCOs in Kenya, the SACCO sector in Kenya is ranked first in Africa in terms of savings and asset base (Mathuva et al., 2015). The regulator and the accounting professional body have made efforts to improve accountability in Kenya's SACCO sector through enforcement of disclosure regulations and development of disclosure guidelines for SACCOs. However, accountability and compliance levels by SACCOs in Kenya have been remarkably low, motivating an investigation into the level and drivers of disclosure by SACCOs in Kenya from a managerial perspective. Among the reasons for the low disclosure quality include lack of qualified and experienced accountants to prepare financial statements which has affected the quality of reporting in the sector (Irungu, 2013). Despite the existence of regulations, Ahmed and Nicholls (1994) argue that the annual reports do not fully comply with disclosure requirements required by regulatory agencies. Al-Razeen and Karbhari (2004) argue that even in the presence of regulation, full disclosure is not guaranteed. This might lead to poor disclosure compliance. Further, regulators often mandate organizations to disclose mainly financial (and at times governance) information. According to Mook, Quarter, and Richmond (2007), organizations can engage in other disclosures that are largely voluntary in nature. This paper examines the level of financial, social and other voluntary disclosures, with a view to establishing the level of compliance by SACCOs. The study also aims to establish the current extent of disclosure of voluntary social, strategic, governance and environmental information from a managerial perspective.

Therefore, this paper analyses the perspectives of SACCO managers on disclosures, with a view to understanding the current disclosure level, rationale and possible drivers. To achieve this, questionnaires are issued to a sample of 215 deposit-taking SACCOs operating in Kenya as of 31 December 2013. Financial data are also collected from the annual reports of sampled SACCOs. The results reveal that SACCO disclosures are mainly addressed to members and regulator. Further, SACCO managers provide disclo-

E-mail address: dmathuva@strathmore.edu

[1] In other jurisdictions, savings and credit cooperatives (SACCOs) are referred to as "credit unions" or "financial cooperatives".

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sures to comply with regulators and improve the image of SACCOs. The findings reveal that SACCOs provide financial, social, strategic and governance disclosures, whose intensity is influenced by the regulator, guidelines issued by the professional accounting organization in Kenya, governance and resources. The rest of the paper is organized as follows. Section 2 presents a discussion on the institutional background while Section 3 provides a review of literature and potential drivers of disclosure. Section 4 presents the methodology adopted while Section 5 discusses the study's results. Finally, Section 6 concludes.

2. Institutional background

2.1. Background on the SACCO sector in Kenya

The terms SACCOs and credit unions have been used interchangeably in this study to refer to the same business organization. SACCOs are viewed as self-help cooperative financial organizations whose aim is to promote economic, social and cultural needs and aspirations of its membership and wider local communities through a mutually owned and democratically controlled enterprise (Altman, 2015; Hyndman et al., 2004; International Cooperative Alliance (ICA), 2015; McKillop & Wilson, 2011). The membership in a cooperative is based on common bond, which is shared by savers and borrowers based on a community, organizational, religious or employee affiliation (World Council of Credit Unions (WOCCU), 2005). As mutual organizations, SACCO customers are both members and owners and consequently, the focus is on members and the benefits they derive from the union (McGrath, 2008). Being member-owned organizations, upholding accountability and transparency through the provision of adequate disclosures and proper governance to members and stakeholders is important for a SACCO's success (Quayes & Hasan, 2014).

According to WOCCU, there were over 57,000 SACCOs globally operating in 105 countries and serving over 217 million people (WOCCU, 2014). Given the 8.2% penetration rate and US$ 1.5 trillion in savings and shares and US $ 1.8 trillion in assets, the contribution of SACCOs towards financial wellbeing of its members and by extension, the economic growth of a country cannot be overlooked. Out of the 20,422 SACCOs in Africa, Kenya has over 6,500 SACCOs, making it third is terms of number of SACCOs after Ethiopia and Tanzania (SASRA, 2014; WOCCU, 2014).[2] Kenya ranks first in Africa with over 5.1 million members, US $ 3.3 million in savings and shares and US$ 4.3 million in loans (WOCCU, 2014). In Kenya, 1,995 of the 6,500 SACCOs were active and filing annual returns with the regulators of 31 December 2013 (SASRA, 2014). Out of the 1,995 active SACCOs, 215 were operating as deposit-taking SACCOs (that is, provided both front-office and back-office savings activities). The remainder provided traditional back-office SACCO services. Table 1 provides comparative statistics on SACCOs in Kenya compared to more developed economies.

According to Table 1, the number of SACCOs in Kenya is more than those in more developed countries such as Canada, Ireland, Great Britain and Australia. However, Kenyan SACCOs lag in terms of savings per member which is low at US$ 640 compared to US$ 22,684 in Canada for instance. This illustrates that despite the vibrancy of the sector in Africa, Kenyan SACCOs are yet to attain savings potential comparable to that of more developed countries.

2.2. Framework for disclosure by SACCOs

The prescription of the format and type of information to be disclosed by SACCOs is largely determined by legislation, the IFRSs in place, guidelines issued by the regulators, WOCCU and International Credit Union Regulators' Network (ICURN). In Kenya, the SACCO Act of 2008 and the Cooperative Societies Act, Cap 490, Laws of Kenya require SACCOs to prepare accounts that conform to the IFRSs (Government of Kenya (GOK), 2008 [Revised,2012]). In addition to IFRSs, WOCCU, through the ICURN provides guidelines focusing on disclosures relating to governance, service to members, corporate social responsibility, consumer protection and financial stability (WOCCU, 2005).

The ICURN postulates that a cooperative financial institution should disclose relevant and useful information that supports the key objectives of governance to members, depositors, borrowers, employees and other stakeholders (ICURN, 2013). As financial institutions, whose business is financial intermediation, the SACCO business thrives on trust and confidence of the public and hence its members (Njuguna, 2014). To promote accountability and transparency, SACCOs are required to provide adequate disclosures to the stakeholders (Hyndman et al., 2004). Organizations disclose information through means such as annual reports, conference calls, analyst presentations, investor relations, interim reports, prospectuses, press releases and websites (Mayorga, 2013). The annual report has been identified as a key and official disclosure vehicle, especially for organizations not listed on a securities exchange market (Hyndman et al., 2004; Kribat, Burton, & Crawford, 2013). According to Khlif and Souissi (2010), organizational disclosure covers a wide range, including narrative and financial, mandatory and voluntary, printed and internet disclosure.

McGrath (2008) develops a disclosure framework that can be used to guide disclosure practices by SACCOs. The framework splits disclosures into three categories: financial performance, corporate governance and social. The disclosure of financial information is largely guided by IFRS. Social disclosures (including governance) are guided by various guidelines such as the Organization for Economic Cooperation and Development (OECD), Global Reporting Initiative (GRI) and WOCCU. Compared to financial disclosures, social disclosures are largely voluntary. It is therefore anticipated that SACCOs will provide more financial disclosures compared to social disclosures. Mook et al. (2007) argue that credit unions provide social disclosures to legitimize the cooperative structure, encourage stakeholder dialogue, increase transparency, promote organizational learning and support mission, vision and goals of the credit union.

The inclusion of both financial and social disclosure have been attributed to various motivations including as – a strategic tool to reduce the adverse effects of certain events (Deegan, Rankin, & Tobin, 2002), a desire to maximize competitive advantage, and as a means to manage pressure placed on the organization to administer its social and environmental responsibilities, public image and legitimacy (Gutierrez-Nieto, Fuertes-Callen, & Serrano-Cinca, 2008; Maali, Casson, & Napier, 2006). Social disclosures have been categorized under community issues, environmental conservation, customer (or member in the case of SACCOs) welfare, product and business practice and employee relations (McGrath, 2008).

[2] According to the data obtained by the corresponding author from the ministry in charge of cooperatives in Kenya, there were 6,738 registered savings and credit cooperatives (SACCOs) in Kenya as of 2013. The total number of cooperatives in Kenya as of 2013 was 13,890.

[3] The credit unions are classified as per Ferguson & McKillop (1997, 2000)'s criteria. According to Ferguson & McKillop (1997, 2000), the attributes of transitional credit union sector are large asset size, shifts in regulatory framework, adjustments to common bond, shifts towards greater product diversification, emphasis on growth and efficiency, weakening of reliance on voluntarism, recognition of need for greater effectiveness and professionalism of trade bodies and development of central services.

[4] According to McKillop and Wilson (2011), penetration rate is the total number of reported credit union members scaled by economically active population. I appreciate the definition of penetration rate as suggested by one of the anonymous reviewer's in this paper.

Table 1
Comparison of SACCOs globally (2014).

Country	Stage[3]	Number of credit unions	Credit union membership	Savings (US$)	Penetration rate[4]
United States	Mature	6,399	100,513,991	963,116,397,718	47.6%
Canada	Mature	694	10,120,994	229,585,779,318	43.2%
Australia	Mature	99	4,500,000	64,482,270,200	29.9%
Ireland	Transitional	479	3,300,000	16,111,669,397	74.7%
Kenya	Transitional	4,965	5,103,231	3,266,230,227	20.5%
Great Britain	Transitional	365	1,197,292	1,669,461,404	3.0%

Source: Ferguson & McKillop (1997, 2000) and WOCCU (2014).

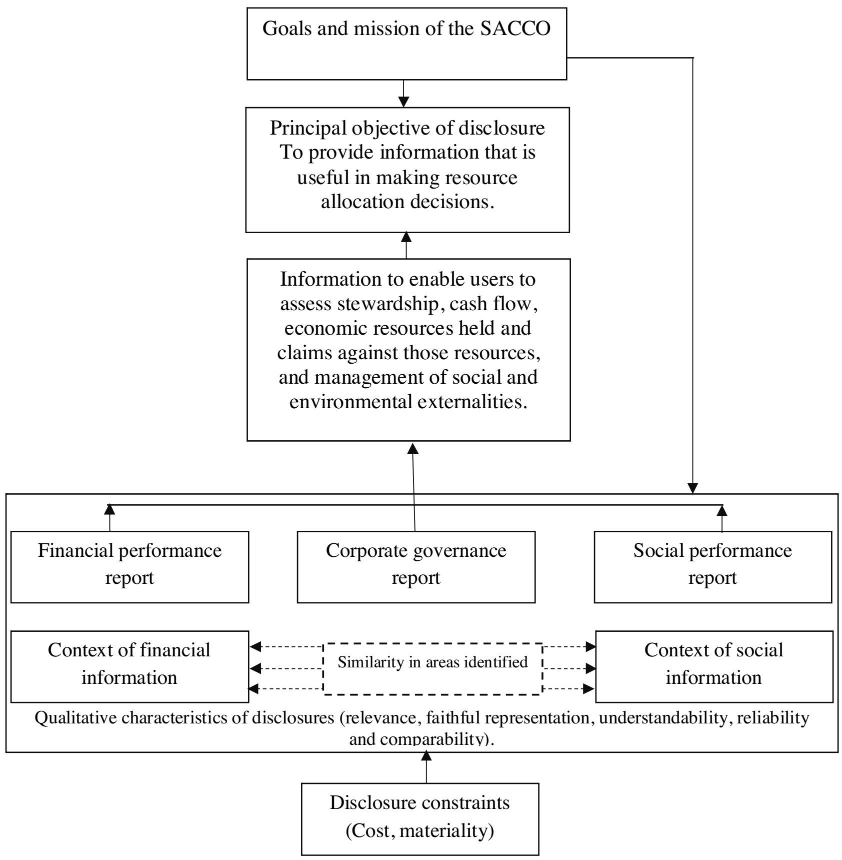

Fig. 1. Framework for disclosure in SACCOs.

Fig. 1 illustrates the aspects covered by the framework, which are adopted in the present study.

Adapted from McGrath (2008). Social accounting in the credit union sector: GRI preparedness. Charles Sturt University, Australia.

In Kenya, a number of regulations have been enforced to regulate SACCO operations. These include the Cooperative Ordinance of 1931, the Cooperative Societies Ordinance of 1945, the Cooperative Societies Act, Cap 490, Laws of Kenya, the Cooperative Societies (Amendment) Act No. 2 of 2004 which amended the Cooperative Societies' Act No. 12 of 1997, The SACCO Societies Act No. 14 of 2008 (the Act) and the SACCO Societies Regulations, 2010 for deposit-taking SACCOs (the Regulations). The number of cooperatives in Kenya has grown from 1,834 in 1969 to about 13,500 in 2013. Over time, registered SACCOs in Kenya had been operating front-office savings activities and taking deposits from the public as is the case with banks. This was in addition to their regular back-office savings activities. The Act of 2008 led to the creation of SASRA as a regulator for deposit-taking activities. Consequently, the SACCO Societies Regulations, 2010 for deposit-taking SACCOs (the Regulations) were created and commenced on 18 June 2010. Deposit-taking SACCOs were required to obtain licenses from SASRA and comply with the Regulations enacted in 2010. Those SACCOs that were already operating front-office services were granted a four-year grace period (effective from 2010) to grow their capital to the 10 million Kenya shillings threshold, among other regulatory requirements, to be licensed.[5]

Since Kenya formally adopted IFRSs in 1999, there have been efforts aimed at improving financial reporting across various organizations. In total, 80 SACCOs have participated in the financial reporting excellence (FIRE) awards program between 2010 and 2014. The FIRE awards is a joint program organized by the Institute of Certified Public Accountants of Kenya (ICPAK), NSE and the Capital Markets Authority (CMA). In one of the FIRE events in 2013, a former chief executive officer (C.E.O) of ICPAK noted:

"SACCOs in Kenya are grappling with lack of qualified and experienced accountants to keep their financial records, affecting the quality of reporting in the sector (Irungu, 2013)."

The Ministry of Cooperative Development and Marketing (MOCDM) and auditors of financial statements also raised concerns on the dismal quality of disclosures by SACCOs in Kenya (Chavez,

[5] At the time of writing this article, the exchange rate was 1US$ = 104 Kenya Shillings (Kshs).

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2007). The present study on the level of disclosure by SACCOs in Kenya is particularly timely as the SACCO sector has experienced a series of regulatory changes between 2008 and 2010 aimed at improving governance, efficiency and protecting the resources of SACCO members.

3. Literature review

The extent of disclosure varies from one entity to another. Disclosure level is influenced by regulatory (Spiegel & Yamori 2004), managerial (Hyndman et al., 2004), professional (Riahi-Belkaoui, 1997), academic (Riahi-Belkaoui, 1997), capital market (Bova & Pereira, 2012) or cultural pressures (Hope, 2003; Hillier, Hodgson, & Ngole, 2015). Disclosure practices in SACCOs are rather segmented, and are influenced by internal and external factors (Luethge & Han, 2012). The volume and type of disclosures provided by non-deposit-taking SACCOs which deal exclusively with members vary with those of a deposit-taking SACCO whose membership is diverse. Deposit-taking SACCOs operate like banks, and as such, are mandated to provide certain disclosures by law (GOK, 2010). Consistency has been cited as a key characteristic of disclosure practices (Hyndman et al., 2004). Prior studies highlight the following as potential factors which influence the level of disclosures.

3.1. Financial performance

The relation between earnings response and timely disclosure has been well documented in literature. Lan, Wang, and Zhang (2013) find that more profitable organizations disclose more information than those with lower returns. This association can be argued from two theoretical viewpoints. First, agency theory suggests that profitable organizations are more assertive in convincing the owners and investors about the superiority of the management (Jensen & Meckling, 1976). By providing more disclosure information in the annual reports, managers enjoy higher degree of confidence and trust from investors, which is in turn reflected in better pay to the managers (Ahmed & Courtis, 1999). Second, profitable organizations allow managers to distinguish themselves from other organizations in the market, whether labour or capital market. This therefore means that more profitable organizations provide managers with stronger incentives to disclose more information to sustain their own reputation as well as that of the organization.

3.2. Size

Khlif and Souissi (2010) argue that large organizations have stronger incentives to disclose more such as economies of scale (Field, Lowry, & Shu, 2005). Various studies in both developed and developing economies have found that the size of a firm has a positive relationship with the level of disclosure, with large firms disclosing more compared to the smaller firms (Chow & Wong-Boren, 1987; Barako, 2007; McFie, 2006; Wallace, Naser, & Mora, 1994). Collectively, these studies argue that larger firms provide more disclosures because they have more ownership, resources and are likely to experience lower competitive disadvantage for disclosing more information. However, Al-Razeen and Karbhari (2004) argue that the task of determining which information and how much voluntary information to disclose lies with the management.

3.3. Corporate governance

Proper governance is important in any industry because it is viewed as a necessary component towards achieving long-term sustainability (Pistelli, 2011). The strength of an organization's governance influences how transparent and accountable it is to its stakeholders. Yeh, Shu, and Su (2012) posit that good corporate governance as manifested in the structure of the boardroom and ownership, is effective in improving the quality of reporting. Gordon, Henry, and Palia (2004) show the relevance of board transparency through related party transactions and insider lending disclosures. In a SACCO setting, corporate governance is primarily driven by the membership who during the annual general meeting (AGM) delegate responsibilities to the management committee (the board). John and Senbet (1998) argue that the effectiveness of the board may be affected not only by its composition and size but also by its internal administrative structure. With regard to the SACCO board, the set up of appropriate committee structures, directors' qualifications, directors' remuneration, and rights and responsibilities of committee members lies with the management committee.

3.4. Asset quality

Loans comprise majority of SACCO's assets, and if most of the loans are bad or non-performing, the SACCO may fail. Spiegel and Yamori (2004) examine the impact of adverse news as a determinant of the level of voluntary disclosure by small credit associations in Japan. The study found that credit associations with more serious bad loan problems are less likely to provide voluntary disclosures. Spiegel and Yamori (2004) acknowledge the difficulty in establishing the impact of news quality on the decision to disclose. However, all SACCOs in Kenya were mandated to provide disclosures in accordance with the SACCO Act of 2008 and the SACCO Regulations of 2010. Therefore, adverse disclosures of bad loans should be anticipated in annual reports. The Act required SACCOs to make adequate provisions for known and probable losses likely to occur as required by regulations and ensure that the SACCO society maintains a positive image.

3.5. Regulatory influences

Hyndman et al. (2004) observe that regulators are key stakeholders in the financial performance disclosure regulation and support framework. Further, regulators have significant influence and possibly power in terms of fostering and monitoring accountability. Taplin, Tower, and Hancock (2002) argue that when non-compliance with financial performance disclosure regulations is observed, the bulk of the pressure and responsibility lies with the regulatory enforcement. Aljifri (2008) argue that the level of disclosures in the United Arab Emirates is more regulator-driven as opposed to market-driven. Depending on the strictness or laxity of the regulator, this can affect the extent to which firms comply with disclosure requirements. Spiegel and Yamori (2004) opine that since disclosure enhances market discipline, regulatory authorities attempt to design regulations and accounting standards to enhance the level of disclosure. Further, prior research has found that regulators and managers do not think that a specific guidance on the preparation of financial statements by credit unions is necessary (Hyndman et al., 2004).

To assist SACCOs in disclosure and enhance comparability, the ICPAK in collaboration with SACCO regulators issued guidelines with illustrative financial statements and disclosures for a model SACCO in November 2010 (ICPAK, 2010). The guidelines can be applied by any SACCO, whether deposit-taking or regular. These guidelines were developed by a team of auditors, representatives of SACCO regulatory bodies and academicians. The issuance of the ICPAK guidelines can be construed as an initiative by the regulators to improve the quality of disclosure by SACCOs. However, as decried in previous studies such as Hyndman et al. (2004), credit union managers do not express the need for guidance on the preparation of final accounts.

Notably, SASRA adopted the format of the ICPAK guidelines in the periodic mandatory disclosure reports for licensed deposit-taking SACCOs (SASRA, 2014). However, unlicensed deposit-taking and regular SACCOs are not obligated to adhere to the format and the guidelines in the ICPAK guidelines. Likewise, no reported sanctions are instituted against licensed deposit-taking SACCOs for not preparing their annual reports in line with the ICPAK guidelines. Currently, the adoption of the ICPAK guidelines in preparing the annual reports is left at the discretion of SACCO management and those charged with governance.[6] This raises a debate as to whether the issuance of financial reporting guidelines to SACCOs by the ICPAK influenced the level of disclosure by SACCOs. Prior to the issuance of the ICPAK guidelines, concerns were raised on financial disclosure practices in a SACCO impact study by MOCDM, FSDT and WOCCU in 2006 (Chavez, 2007). This discussion motivates an investigation into the contribution of the ICPAK guidelines on the level of disclosure by SACCOs in Kenya.

4. Methodology

The study targets the 215 deposit-taking SACCOs operating in Kenya as of 31 December, 2013 (SASRA, 2013). The focus on the 215 SACCOs was because they are larger and provide basic banking services. Although the 215 SACCOs represent 10.8% of the 1,995 active SACCOs as of 2013, they control over 78% of the market in terms of assets and deposits and 82% of the membership in the sector. The study utilizes both primary (from questionnaires) and secondary data (from annual reports of SACCOs). Primary data are collected using questionnaires issued in January 2015. The questions in the questionnaire are adopted from studies such as Hyndman et al. (2004), Lord et al. (2005) and McFie (2006). A total of 205 questionnaires were issued to senior managers in accounting, audit or finance in each of the SACCOs in the sample.[7] Three reminders were sent out to responding SACCOs on 23 February, 2015, 12 March, 2015 and 21 April 2015.

Out of the 205 questionnaires issued, 108 were returned. However, two questionnaires had incomplete information and were not considered for analysis. This resulted in 106 questionnaires with useable responses and this yielded a response rate of 51.7%. Saunders, Lewis, and Thornbill (2009) suggest that a response rate of between 30% and 40% is adequate for analysis. Sekaran (2003) posit that a response rate of 30% is sufficient. Hager, Wilson, Pollak, and Rooney (2003) and Babbie (2013) posit that a response rate of 50% is acceptable to analyze and publish the findings. Therefore, the response rate of 51.7% in this study was considered adequate for analysis.

Secondary data are hand-collected from the annual reports of the 106 SACCOs provided by SASRA. The annual reports considered in this study related to 2014 since this was the most recent available data relating to the SACCOs at the time of the study. The study employs a two-phased approach in analyzing the collected data. First, data collected using the questionnaires are analyzed using content analysis and principal component analysis. Secondly, the results from principal component analysis are aggregated with the secondary data and analyzed using ordinary least squares regression to establish the significant drivers of disclosure.

[6] Although the responsibility for preparing financial statements lies with the management, in is interesting to note that 15% of the respondents (n = 16) were not aware of the ICPAK disclosure guidelines. Of the 16 respondents, 8 were accountants, 5 were SACCO managers/CEOs, a finance manager, a chair of the board and a credit manager.

[7] The full sample comprised of 215 SACCOs. However, ten SACCOs had been surveyed during the pilot testing stages and were therefore excluded.

5. Survey results

5.1. Respondents' profile

In this section, a discussion on the results of the survey on the rationale for and the drivers of disclosures by deposit-taking SACCOs in Kenya is provided. The findings show that majority of the respondents were male (79%, n = 84) while female respondents comprised 21% (n = 22). This finding is consistent with McKillop, Briscoe, McCarthy, Ward, and Ferguson (2003) who find evidence of gender imbalance in the composition of credit union boards and the management. Accountants comprised majority of the respondents (38%) followed by SACCOs' Chief Executive Officers (29%) and internal auditors (13%). According to the findings, 9% of the respondents were finance managers, 6% comprised of other respondents (including credit, marketing and statutory managers), 3% of the respondents were board members while 2% were chairpersons of SACCO boards. The findings demonstrate that the respondents to the questionnaire were senior officials who had considerable knowledge of disclosure matters in the SACCO. The findings also reveal that majority of the respondents (39%) had worked in the SACCO for 1–5 years followed by 30% of the SACCO officials who had worked for 5–10 years. The findings show that 12% of the respondents had worked in the SACCO for 10–15 years while 14% had worked in the SACCO for over 15 years.

According to the findings, 83% of the respondents were Certified Public Accountants (CPAs), 2% were CPAs and Association of Chartered Certified Accountants (ACCA) while 1% possessed Kenya Accountants and Technicians Certificate (KATC). The findings show that 14% of the respondents had no professional qualification in accountancy. This illustrates that a considerable number of accounting staff in SACCOs are professionally qualified and have sufficient experience in relation to reporting. Contrary to the view that SACCOs are grappling with lack of qualified and experienced accountants (Irungu, 2013), the findings illustrate that the respondents to the questionnaire were qualified and had considerable and relevant knowledge with regard to reporting.

5.2. Primary users of SACCOs' annual reports in Kenya

The findings in Table 2 show the primary users of SACCOs' annual reports.

The findings in Table 2 reveal that over half (59%) of the respondents indicated that the annual report is addressed to SACCO members, 12% indicated that the annual report is addressed to SASRA and 1% indicated that it is addressed to the Ministry in charge of cooperatives and other users. According to the findings, 14% of the respondents indicated that the annual report is addressed to SACCO members and SASRA while 6% of the respondents indicated that the annual report is addressed to SACCO members, SASRA and the Ministry in charge of cooperatives. The findings concur with Gaurwitsch and Nilsson (2010) who found that cooperative

Table 2
Primary Users of SACCOs' Annual Report.

User group	Number	Percent
Members	63	59%
Members and SASRA	15	14%
SASRA	13	12%
Members, SASRA and Ministry	6	6%
Members, SASRA, Ministry and other users	3	3%
Members and Ministry	3	3%
Ministry	1	1%
Members and other users	1	1%
Other users	1	1%
	(n = 106)	

members are the primary users of the annual report and would be expected to be keener in monitoring their cooperatives. Further, the findings show that regulators are also important users of annual reports of SACCOs. This is because the bulk of pressure and responsibility lies with the regulatory enforcement when there is non-compliance as argued by Taplin et al. (2002).

Finally, the findings in Table 2 show that 3% of the respondents indicated that the annual report is addressed to SACCO members, SASRA, the Ministry in charge of cooperatives and other users. Another 3% of the respondents indicated that the annual report is addressed to members and the Ministry in charge of cooperatives while only 1% indicated that the annual report is addressed to SACCO members and other users. The reason provided for SACCO members being the primary user of the annual report is because they are the supreme owners of the SACCO. As owners, they have their interest in the form of shares and deposits which they closely monitor to ascertain how their funds are being managed. As for the regulators, the respondents indicate that the annual report is addressed to them due to compliance reasons.

5.3. Reasons for disclosure by SACCOs in Kenya

The findings in Table 3 show the rationale for SACCO disclosures.

According to the findings (Table 3), 93% of the respondents indicate that SACCOs provide disclosures to comply with Regulations of 2010. Further, the findings show that 88% of the respondents indicate that SACCOs provide disclosures to comply with the SACCO Act of 2008. This illustrates that SACCOs in Kenya are largely compelled by the regulations to provide disclosures. Other reasons provided for disclosure include enhancing corporate image (81%), informing the public (78%), to show the SACCO's contribution to the society (61%), competition in the financial services sector (29%), pressure from the regulator (23%) and top management's influence (21%).

5.4. Level of disclosure

Table 4 reports the findings on the types of disclosures provided by SACCOs as highlighted by respondents to the questionnaire. The results reveal that SACCOs provide both mandatory financial and voluntary, social, strategic and governance disclosures. With regard to financial disclosures which are at an average of 94.5% overall, SACCOs provide more information with regard to the primary financial statements. More specifically, financial disclosures by SACCOs focus on the statement of profit or loss and other comprehensive income (99.1%), statement of changes in equity (99.1%), statement of financial position (98.1%), statement of cash flows (98.1%), notes to the financial statements (98.1%) and background information on the SACCO and summary of its performance (98.1%). This finding concurs with studies such as Lord et al. (2005) and Kribat et al. (2013) who found that the most important and commonly read sections in the annual report are the financial statements, mainly the statement of profit or loss and other comprehensive income and the statement of financial position. The provision of financial information is largely viewed as an external governance mechanism that is also driven by regulation and the desire for transparency by SACCOs as they deal with governance challenges (Hyndman et al., 2004).

Apart from financial disclosures, the results in Table 4 reveal that SACCOs also report strategic, forward-looking information which is at an overall average of 59.2%. According to the results, SACCOs provide disclosures on future plans (72.6%), budgets (68.9%), strategy (56.6%) and competition in the industry (38.7%). This illustrates that SACCOs communicate strategic, forward-looking information to the public to show the plans they have. This information may be aimed attracting potential investors into the SACCO, given the desire by SACCOs to grow membership and attract more deposits.

On the social front, the results reveal that SACCOs in Kenya are actively engaged in voluntary social disclosure which is at an overall average of 48.8%. This is evidenced by disclosures on products (55.7%), member welfare (52.8%), employee welfare (50%) and community engagement (36.8%). The results seem suggest that as SACCOs in Kenya grow in operations and outreach, they attract more members and hence need quality workforce to manage the growing complexity in operations. This partly explains the increased focus on employee and member-related disclosures (Mathuva, 2015). These findings concur with Mook et al. (2007) who argue SACCOs engage in social disclosure to legitimize the cooperative organization, improve transparency, promote organizational learning and support the mission, vision and objectives of the SACCO. Interestingly, managers perceive that SACCOs provide fewer disclosures on products and strategy matters. This implies a need to improve communication on the strategic initiatives undertaken by SACCOs to improve growth and maintain stability.

Next, the results in Table 4 show that SACCOs engage in voluntary corporate governance disclosures which average 37.4% overall. According to the results, SACCOs provide information on the various committees in the board (50.9%), board meetings (38.7%) and board qualifications (22.6%). The disclosure of voluntary corporate governance information by SACCOs may be seen as way of legitimizing the cooperative structure and demonstrating a commitment by the SACCO in upholding best corporate governance practices (Kent and Zunker, 2013). The results show that SACCOs have complied with governance practices as provided by OECD (2004) and WOCCU (2007) which are aimed at promoting accountability, transparency and long term sustainability of the SACCOs in Kenya, which have been faced mismanagement and poor governance. Finally, the results in Table 4 show that few SACCOs engage in voluntary environmental conservation which is at an average of 23.6%. This shows that although the primary objective of SACCOs is to serve members (Borgström, 2013), SACCOs also devote resources to support environmental conservation. The results in Table 4 reveal that SACCOs provide mainly mandatory financial disclosure to their stakeholders. This is followed by voluntary strategic, social, governance and environmental disclosures respectively.

5.5. Drivers of SACCO disclosures: a managerial perspective

Fig. 2 presents a scree-plot on the results of principal component analysis on the drivers of SACCO disclosures according to questionnaire responses. Based on the resultant scree plot, five factors are extracted and analyzed further.

Table 5 shows the findings of factor analysis of the factors influencing SACCO disclosures as highlighted by SACCO managers. Brown (2006) states that factor loadings greater than or equal to 0.3 or 0.4 are regarded as salient and meaningfully related to primary or secondary factor being studied. Therefore, the cut-off for factor loadings adopted in this study is 0.4.

The findings in Table 5 reveal that the ICPAK guidelines (*FACTOR 1*) seem to have had the highest influence on SACCO disclosures (mean = 0.7333). This is in terms of providing more clarity, more information, greater compliance with IFRS and enhanced comparability of information. This is consistent with prior studies that have found that banking disclosures are regulator-driven (Aljifri, 2008). To enhance market discipline, studies find that regulators design regulations and accounting standards (Spiegel & Yamori, 2004). It seems that, by driving the development of ICPAK guidelines on disclosure, SASRA was dedicated on improving disclosures in the Kenyan SACCO sector. Contrary to the findings by Hyndman et al. (2004), the results seem to suggest that SACCO managers in Kenya believe that a specific guidance on disclosure is important in enhancing disclosure by SACCOs.

Table 3
Rationale for SACCO Disclosure.

Rationale	Number	Percent	St. Dev.
To comply with SACCO Regulations of 2010	99	93%	9.440
To comply with SACCO Act of 2008	93	88%	8.871
To enhance corporate image	86	81%	8.207
To inform the public	83	78%	7.922
To show how the SACCO is contributing to the society	65	61%	6.215
Due to competition in the financial sector	31	29%	2.989
Due to pressure from regulator	24	23%	2.325
Top managements' influence	22	21%	2.135

St. Dev – standard deviation.

Table 4
Managerial perspectives on disclosures by SACCOs.

No.	Disclosure item	N	Mean	St. Dev
Mandatory financial disclosures (6 items)				
1	Statement of profit or loss and other comprehensive income	105	0.991	0.097
2	Statement of changes in equity	105	0.991	0.097
3	Statement of financial position	104	0.981	0.137
4	Statement of cash flows	104	0.981	0.137
5	Notes to the financial statements	104	0.981	0.137
6	Background information on the SACCO (e.g. name, location, auditors, incorporation, summary performance and key ratios)	79	0.745	0.438
	Total/Average	601	0.945	0.094
Voluntary, strategic (including forward-looking disclosures) (4 items)				
7	Information on future plans by the SACCO	77	0.726	0.448
8	Disclosure of budget for the next year	73	0.689	0.465
9	Information on SACCO's strategy	60	0.566	0.498
10	Information on competition in the industry	41	0.387	0.489
	Total/Average	251	0.592	0.347
Voluntary, governance (3 items)				
11	Information on the various committees in the board	54	0.509	0.502
12	Information on board meetings	41	0.387	0.489
13	Board members' qualifications	24	0.226	0.420
	Total/Average	119	0.374	0.367
Voluntary, social (4 items)				
14	Information on member welfare, e.g. training and awareness	56	0.528	0.502
15	Information on employee welfare, e.g. training, allowances, health and safety	53	0.500	0.502
16	Information on products offered	59	0.557	0.499
17	Community engagement	39	0.368	0.485
	Total/Average	207	0.488	0.375
Voluntary, environmental (1 item)				
18	Environmental conservation	25	0.236	0.427
	Overall total/average (18 items)	1,203	0.632	0.206

St. Dev – standard deviation.

The results reveal that financial performance (*FACTOR 2*) contributes the least towards disclosures by SACCOs with a mean aggregate factor loading of 0.1569. This finding is consistent with Shanahan et al. (2007) who find that SACCO members are usually satisfied with the returns they get from the cooperative in the form of dividends or interest on deposits. The importance placed on the returns could be because SACCO members perceive that better performing SACCOs are those capable to sustaining payment of dividends and interest on funds invested. The findings are contrary to Lord et al. (2005) who find that cooperative members place less reliance on credit union returns because of limited frequency of contact with the cooperative. In the case of SACCOs, members are normally in contact with the cooperative since they need to borrow or confirm the status of deposits or returns.

Next, the results reveal possible influence of transparency and regulation on disclosure (*FACTOR 3*, mean = 0.3265). SACCO size and adverse news as evidenced by non-performing loans and negative publicity seem to drive SACCO disclosures (*FACTOR 4*, mean = 0.4478). Finally, the results reveal that governance and asset quality (*FACTOR 5*) appear to be important drivers of disclosures by SACCOs in Kenya (mean = 0.6445). Prior studies have established that SACCOs with poor quality loan portfolio engage in less voluntary disclosures (Spiegel & Yamori, 2004). This conjecture is investigated by performing non-parametric regression to establish the significant drivers of SACCO disclosures.

5.6. Empirical model and results

To determine the significant drivers of disclosure by SACCOs in the sample, the following empirical model is utilized.

$$\begin{aligned} DISCL_{it} = {} & \beta_0 + \Omega_1 \mathrm{FACTOR1}_{it} + \Omega_2 \mathrm{FACTOR2}_{it} + \Omega_3 \mathrm{FACTOR3}_{it} \\ & + \Omega_4 \mathrm{FACTOR4}_{it} + \Omega_5 \mathrm{FACTOR5}_{it} + \beta_1 \mathrm{ASSETS}_{it} \\ & + \beta_2 \mathrm{MEMBERS}_{it} + \beta_3 \mathrm{ROA}_{it} + \beta_4 \mathrm{AUDITOR}_{it} \\ & + \beta_5 \mathrm{LEVERAGE}_{it} + \beta_6 \mathrm{LICENSED}_{it} + \beta_7 \mathrm{NPLS}_{it} + \eta_t \end{aligned}$$

All the variables in the empirical model are defined in Table 6. Variable η_t captures the error term.

Table 7 presents the descriptive statistics for the dependent and control variables under investigation. The results show that the average (median) disclosure level is 63.2% (66.7%). This illustrates that SACCOs in Kenya are yet to attain full disclosure although a few

Table 5
Factor analysis results: drivers of SACCO disclosures.

Code	Description	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5
		Contribution of ICPAK guidelines to disclosure	Financial performance of the SACCO	Transparency and regulatory influences on disclosure	Size and adverse news	Governance and asset quality
B41	ICPAK guidelines contributed to more clarity in terms of required disclosure	0.7592				
B42	ICPAK guidelines led to more information disclosed to members	0.5598				
B43	ICPAK guidelines led to greater compliance with financial reporting standards	0.9030				
B45	ICPAK guidelines led to greater comparability of information with other SACCOs	0.7111				
C42	Members are satisfied if the level of profit is growing upwards		0.4417			
C43	Members are satisfied if they receive dividend		0.5391			
C44	Members are satisfied if they receive interest on deposits		0.7768			
G25	External auditor selection based on experience in the industry		−0.5345			
G33	External auditor provides more clarity in interpreting the requirements of the reporting standards		−0.4384			
D45	The more transparent the SACCO is, the more membership it attracts			0.5176		
D46	Since the SACCO converted to licensed deposit taking status, it has been providing more disclosure information to members than before			0.5157		
D47	The disclosures by the SACCO are subject to closer monitoring and supervision because the SACCO takes deposits from the public			0.5378		
F27	The SACCO provides information on the amount of funds lost			0.5470		
H28	The SACCO discloses to show how the SACCO is contributing to the society			−0.4854		
E45	The board members are trained annually on transparency and accountability					0.5172
E46	Board members declare any conflicts of interest on an annual basis					0.5210
F24	The higher the level of bad loans, the lower the disclosure provided by the SACCO					0.8553
F25	The higher the level of non-performing loans, the lower the level of disclosure by the SACCO					0.6846
D43	The more the number of members the SACCO has, the more the pressure to disclose more information				0.4266	
F21	Non-performing loan information is only communicated to the regulator				0.4541	
F22	Negative publicity surrounding the SACCO leads to lower disclosure				0.5041	
F23	Members demand for more information if the SACCO is faced by negative publicity				0.4063	
G24	Auditor selection based on referrals by other SACCOs				−0.4151	
Mean		0.7333	0.1569	0.3265	0.4478	0.6445
Variance		3.0893	2.8776	2.8509	2.7213	1.5984
Percent		5.7210	5.3290	5.2790	5.0390	2.9600
Cumulative percent		5.7210	11.0500	16.3290	21.3690	24.3290

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Table 6
Variable definitions.

Variable	Definition	Source
Dependent variable		
DISCL	Ratio of actual items disclosed to the maximum possible items in the disclosure index (18 items)	Questionnaire
Independent variables		
FACTOR 1	Aggregated *FACTOR 1* items relating to contribution of ICPAK guidelines on disclosure	Questionnaire
FACTOR 2	Aggregated *FACTOR 2* items relating to contribution of financial performance factors on disclosure	Questionnaire
FACTOR 3	Aggregated *FACTOR 3* items relating to contribution of transparency and regulation factors on disclosure	Questionnaire
FACTOR 4	Aggregated *FACTOR 4* items relating to influence of adverse news factors on disclosure	Questionnaire
FACTOR 5	Aggregated *FACTOR 5* items relating to the contribution of governance and asset quality factors on disclosure	Questionnaire
ASSETS	Natural logarithm of year end assets	Annual report
MEMBERS	Natural logarithm of SACCO members	Annual report
ROA	Return on assets (*ROA*) calculated as ratio of net profit after tax scaled by total assets	Annual report
AUDITOR	= 1 if the auditor is a Big Four and 0 otherwise	Annual report
LEVERAGE	Ratio of total debt to total assets	Annual report
LICENSED	= 1 if the SACCO is licensed by SASRA and 0 otherwise	SASRA reports
NPLS	Ratio of non-performing to gross loans	Annual report

Table 7
Descriptive statistics.

Variable	Mean	Std. Dev.	Median	Minimum	Maximum
Dependent variable					
DISCL (1–18)	11.380	3.710	12.000	4.000	18.000
DISCL (0–1)	0.632	0.206	0.667	0.222	1.000
Independent variables					
ASSETS (KShs. 'million)	2370	3,460	1,480	37	24,500
MEMBERS	26,492	36,990	8,850	202	146,964
ROA	0.023	0.017	0.020	−0.013	0.089
AUDITOR	0.057	0.232	0.000	0.000	1.000
LEVERAGE	0.084	0.099	0.038	0.000	0.381
LICENSED	0.821	0.385	1.000	0.000	1.000
NPLS	0.084	0.116	0.035	0.000	0.544

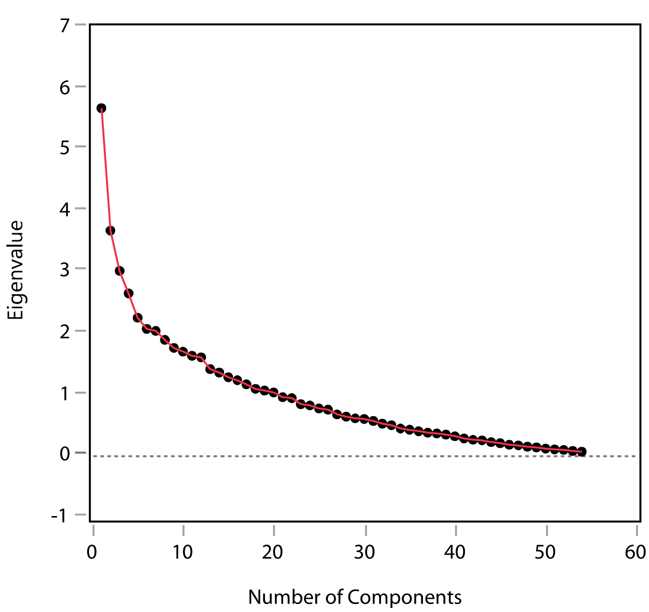

Fig. 2. Scree plot of drivers of SACCO disclosures.

SACCOs achieved a 100% disclosure level. According to the results, the average (median) return on assets (ROA) is 2.3% which is higher than the ROA of 0.47% for U.S. credit unions (Goddard et al., 2008) and 0.27% for Australian credit unions (Esho et al., 2005). The low ROA is possibly because of the relatively low net income of SACCOs compared to the assets held.

The results show that 5.7% of the SACCOs (n = 6) were audited by a Big Four auditor. The low proportion of SACCOs audited by Big Four auditors is explained by the higher fees charged by Big Four auditors (Mathuva et al., 2015). The descriptive statistics show that SACCOs in the sample utilized debt, which is at an average of 8.4% of the total assets. According to the results, 82.1% (n = 87) of the SACCOs were licensed by SASRA to formally operate front-office service activities. The results reveal that 8.4% of the gross loans of the SACCOs are non-performing. The average assets held by the 106 SACCOs in 2014 was KShs. 2,370 million (US $ 22.79 million). The results show that a typical SACCO has an average of 26,492 members with the highest membership being 146,964 members.

Table 8 reports the estimation results on possible drivers of SACCO disclosures using factor scores of disclosure drivers (independent variable) and disclosure score (dependent variable). The disclosure score is calculated as the actual items disclosed to total possible items in the disclosure index. The disclosure index consists of 18 disclosure items derived from studies by Hyndman et al. (2004), Menassa (2010) and the ICPAK guidelines. According to the results, the ICPAK disclosure guidelines (*FACTOR 1*) seem to have a significant and positive association with SACCO disclosures at the 10% level (coefficient = 0.038, t-value = 1.94). This seems to suggest that SACCOs which implement the ICPAK reporting guidelines experience limited improvement in the level of disclosure. This finding is consistent with the expectation that the ICPAK reporting guidelines were developed to guide SACCOs in their financial reporting activities, although the improvement in disclosure appears negligible. Consistent with previous findings and Spiegel and Yamori (2004), it appears that the regulatory efforts by SASRA seem to have contributed in terms of improved disclosure by SACCOs.

The results in Table 8 reveal a significant and negative association between financial performance (*FACTOR 2*) and disclosure at the 5% level (coefficient = −0.040, t-value = −2.36). Although the significance of financial performance with regard to disclosure is at 5%, the finding seems to suggest that SACCOs reporting lower financial performance engage in higher disclosure, possibly to avert

Table 8
Estimation results on the drivers of SACCO disclosures.

	Dependent variable = Disclosure (DISCL)											
Model	[1]		[2]		[3]		[4]		[5]		[6]	
Independent variables	Coefficient	VIF	Coefficient	VIF	Coefficient	VIF	Coefficient	VIF	Coefficient	VIF	Coefficient	VIF
Intercept	1.616*** (4.64)		1.593*** (4.69)		1.399*** (3.98)		1.577*** (4.54)		0.159*** (4.47)		1.454*** (4.12)	
FACTOR1	0.038* (1.94)	1.11									0.033* (1.78)	1.17
FACTOR2			−0.040** (−2.36)	1.40							−0.030* (−1.74)	1.94
FACTOR3					0.070*** (3.40)	1.27					0.066*** (3.05)	1.44
FACTOR4							−0.005 (−0.23)	1.15			0.000 (−0.02)	1.38
FACTOR5									0.005 (0.24)	1.31	0.005 (0.23)	1.37
ASSETS	0.053*** (3.12)	2.73	0.053*** (3.26)	2.46	0.043** (2.59)	2.71	0.052*** (3.07)	2.52	0.052*** (3.05)	2.58	0.046** (2.76)	2.95
MEMBERS	0.123* (1.77)	1.58	0.100 (1.35)	1.56	0.078 (1.16)	1.62	0.112 (1.46)	1.49	0.111 (1.45)	1.55	0.079 (1.27)	1.97
ROA	0.037 (0.03)	1.17	0.375 (0.34)	1.16	0.469 (0.48)	1.14	0.325 (0.29)	1.15	0.342 (0.31)	1.13	0.239 (0.25)	1.27
AUDITOR	0.061 (0.86)	1.82	0.054 (0.75)	1.66	0.022 (0.31)	1.73	0.050 (0.69)	1.63	0.050 (0.68)	1.66	0.033 (0.48)	1.95
LEVERAGE	−0.080 (−0.34)	1.60	0.021 (0.09)	1.65	−0.019 (−0.09)	1.62	−0.061 (−0.25)	1.51	−0.050 (−0.20)	1.57	0.016 (0.08)	1.90
LICENSED	0.118** (2.10)	1.89	0.125** (2.20)	1.92	0.126** (2.35)	1.86	0.126** (2.08)	1.94	0.125** (2.11)	1.86	0.119** (2.39)	2.14
NPLS	−0.121 (−0.75)	1.48	−0.268 (−1.55)	1.52	−0.115 (−0.72)	1.58	−0.172 (−1.03)	1.39	−0.169 (0.33)	1.57	−0.139 (−0.79)	2.29
Adjusted R-squared	0.158		0.156		0.213		0.131		0.131		0.253	
S.E. of regression	0.198		0.198		0.191		0.201		0.201		0.190	
Log likelihood	26.579		26.451		30.164		24.864		24.864		32.938	
F-statistic	2.006**		1.976**		2.894***		1.603		1.603		2.403***	
Durbin Watson statistic	1.737		1.784		1.741		1.741		1.739		1.764	

Notes: Table 8 presents the estimation results on the drivers of SACCO disclosures for a sample of 106 SACCOs. The values in parentheses are t-values. The coefficients are based on White's cross-section standard errors (d.f. corrected) which are not displayed. *** Significant at the 1% level; ** Significant at the 5% level; * Significant at the 10% level. All variable definitions are provided in Table 2.

potential agency conflicts. Consistent with Skinner (1994) and Barako et al., (2006), it seems that SACCOs in Kenya increase disclosures when they report lower levels of financial performance. This behavior can be construed to imply that SACCOs with lower financial performance engage in higher disclosure to increase public confidence and attract more members. Finally, transparency and regulation (*FACTOR 3*) seem to have a significant and positive association with disclosure at the 1% level. This suggests potential benefits associated with adopting best practice corporate governance principles such as those advocated for by the OECD, GRI and WOCCU guidelines (OECD, 2004; WOCCU, 2007).

The results on the control variables show that larger SACCOs with more assets engage in higher disclosure. This is consistent with studies such as Field et al., (2005), McFie (2006), Barako (2007), Khlif and Souissi (2010) and Mathuva et al. (2015). The results also depict that licensed SACCOs engage in higher disclosure ($p < 5\%$). This provides more evidence of regulatory influences on disclosure by SACCOs. The adjusted R^2 improves to 25.3% when all the variables are incorporated as shown by estimation model [6]. This illustrates that the variables utilized in the models add some explanatory power to the estimations. The F-statistic is significant in models [1]–[3] and [6], denoting the significance of the three factors (*FACTOR1*, *FACTOR2* and *FACTOR3*) in explaining disclosures by SACCOs in Kenya. In all estimation models, the variance inflation factors (VIFs) ranged between 1.11 and 2.95. Since the VIFs are below 5, the threshold suggested by Gujarati and Porter (2009) and Hair, Ringle, and Sarstedt (2013), multicollinearity was not a serious problem among the independent variables under investigation. According to Gujarati and Porter (2009), the null hypothesis of no autocorrelation cannot be rejected if the Durbin-Watson statistic is equal or close to 2. The Durbin-Watson statistic ranges between 1.737 and 1.784 which is near 2.0. This illustrates that the residuals from the regressions exhibit little positive serial correlation, which does not pose a problem since the Durbin-Watson statistic is close to 2.0.[8]

6. Conclusion

The drivers of disclosure by mutual organizations such as SACCOs have received minimal attention by researchers with most studies concentrating on credit unions in more developed economies. Studies such as Hyndman et al. (2004) posit that very little is known regarding the level of disclosure of wider social information by SACCOs. As an extension of disclosure studies in credit unions, this study analyzes managerial perspectives on the users, rationale and drivers of financial and social disclosure practices by SACCOs in Kenya, which is a developing economy characterized by the most vibrant SACCO sector in Africa. The study finds that SACCO members and regulators mainly utilize disclosures by SACCOs. The results seem to suggest that SACCOs in Kenya provide disclosures to comply with regulatory requirements as well as improve their image. The results reveal that majority of disclosures by deposit-taking SACCOs in Kenya focus on mandatory financial aspects which is at an average of 94.5%. This is followed by voluntary

[8] The residuals plot (not presented due to brevity reasons) shows that the residuals are randomly distributed (no pattern) and the distribution line is approximately straight. Therefore, according to the distribution of residuals in the plot, the assumption of homoscedasticity is held as there is no relationship between the residuals and the independent variables.

disclosure on strategic aspects (59.2%), social aspects (48.8%), governance aspects (37.4%) and environmental conservation (23.6%) in that order. SACCO disclosures in Kenya seem to be driven by regulations, financial performance and governance. Specifically, the results illustrate that disclosures by SACCOs in Kenya are positively influenced by governance. According to the findings, the influence of the guidelines issued by the professional accounting body in Kenya and financial performance on disclosure seem to be weak. Other significant drives of disclosure by SACCOs include resources (assets) and licensing.

The findings are useful to policy makers in designing an optimal disclosure policy for SACCOs in a developing country context. Corporate governance seems to be an important driver of disclosure by SACCOs and the regulator should consider encouraging SACCOs to adhere to best corporate governance practices. The regulator and accounting professional body should create more awareness to SACCOs to improve their disclosures. This study is not without limitations. First, the level of disclosure is determined by a self-constructed disclosure index. Secondly, the study focuses on disclosure by SACCOs at one point in time. Extending the period of the study would certainly add power to the analyses. Finally, the study relies on the views of SACCO managers with regard to disclosures. A study on actual disclosures provided in the annual reports and other medium would provide more insights.

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Glossary

ACCA: Association of Chartered Certified Accountants
AGM: Annual General Meeting
CEO: Chief Executive Officer
CMA: Capital Markets Authority
CPA: Certified Public Accountant
FIRE: Financial Reporting Excellence
FSDT: Financial Sector Deepening Trust
GOK: Government of Kenya
GRI: Global Reporting Initiative
ICPAK: Institute of Certified Public Accountants of Kenya
ICURN: International Credit Union Regulators' Network
IFRSs: International Financial Reporting Standards
KATC: Kenya Accountants and Technicians Certificate
MOCDM: Ministry of Cooperative Development and Marketing
NSE: Nairobi Securities Exchange
OECD: Organization for Economic Cooperation and Development
SACCO: Savings and Credit Cooperative Society
SASRA: SACCO Societies Regulatory Authority
WOCCU: World Council of Credit Unions

Dr. David Mathuva is currently a Lecturer and Academic Director (MSc. Development Finance – Ag.) at Strathmore Business School (SBS) where he teaches Accounting and Finance. David worked at KPMG Kenya in the Risk Consulting department, Forensic Services. He holds a Master of Commerce (M.Com) in Forensic Accounting and a Bachelor of Commerce (B.Com), both from Strathmore University. He is also a member of Institute of Certified Public Accountants of Kenya. David holds a Postgraduate Certificate in Academic Practice (PCAP) from York St. John University, UK. David's Ph.D research focused on the determinants of financial and social disclosures by savings and credit cooperatives in Kenya. He has presented papers at the national and international accounting and finance conferences and has published several articles in peer-reviewed journals. His research interests are in disclosure, corporate finance and audit including forensic audits and investigations.