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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | REVIEW ARTICLE

Do firms operating in a shared institutional environment have similar sustainability disclosure practices? A comparative analysis of multinational and locally listed firms in Africa

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Abstract: This study compares the quality of Corporate Social Responsibility (CSR) practices and reporting of firms operating in Africa listed in Western economies and firms exclusively listed on the African stock exchange, using the Global Reporting Initiative (GRI) CSR checklist. Interpretive content analysis was conducted on the website publications and relevant reports of 135 firms listed on African stock exchanges. Non-parametric(Mann-Whitney U and Cohen d test) analyses were applied to check for significant differences between the mean scores of Western-listed firms and locally listed firms operating in African countries. The study's findings indicate (1) a Low CSR disclosure rate and (2) no significant CSR disclosure difference between exclusively African market-listed firms and multinationals. Multinationals do not lead in sustainability reporting. The finding of this study is a proposal for emerging economies to strengthen institutions and make them independent. The findings further encourage regulators and policymakers to question, with utmost importance, why the sophisticated propitious sustainability initiatives and reporting of Western economies are not practised in the developing world. Unlike previous studies, the current research uses Institutional Theory to compare CSR disclosure tendencies of environmentally Sensitive Industries (ESI) in which environmental policies seemingly make sustainability reporting quasi-mandatory.

Subjects: Cost Accounting; Financial Accounting; Management Accounting; Corporate Social Responsibility & Business Ethics

Keywords: Sustainability; disclosures; reporting; sustainability reporting; sub-Saharan Africa; CSR

1. Introduction

In recent years, comparative studies of Corporate Social Responsibility (CSR) reporting have become standard research practices and have increased globally (Panayiotou et al., 2009). The need to convey to various reporters that environmental and social risks should be managed

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appropriately (Simnett et al., 2009) drives CSR comparative studies. In the absence of firms obtaining external assurance of their CSR reports to highlight their superior commitment to CSR initiatives (Braam & Peeters, 2018), comparative study results can urge relatively poor reporters to emulate the quality environmental practices of excelling firms. Many studies have delved into the variation in the performance of CSR disclosures across developed and emerging economies, and these studies exhibit a conclusively significant difference in sustainability practices in favour of listed firms in Western economies (Bhatia & Makkar, 2019; Fatima, 2017; Fifka et al., 2018; Kane et al., 2017; Vilar & Simão, 2015). Bhatia and Makkar (2019) analysed and contrasted the Corporate Social Responsibility reporting procedures of corporations in developed (the United States and the United Kingdom) and BRICS (Brazil, Russia, India, China, and South Africa) countries. According to this study's conclusions, affluent countries have higher CSR disclosure scores than developing countries. These findings support the hypothesis that the disclosure of corporate social responsibility (CSR) is more prevalent in industrialised nations, whereas it is still in its infancy in regions with lower development indexes (Vilar & Simão, 2015). Indeed, compared to South Korea, a less developed country, US corporations demonstrate better depth and breadth of CSR information sharing (Kane et al., 2017). Acemoglu et al. (2014) argue that institutions are proven to be a driving force behind economic progress. In that vein, Institutions play a pivotal role in sustainable development practices that seek the welfare of the larger society. Therefore sectors with different institutions will differ in their sustainable development practices (Bhattacharya et al., 2017). Thus, the institutional factors in which companies operate are critical to the level and degree of CSR practices and reporting (El- Bassiouny & El- Bassiouny, 2019). There is a strong correlation between institutional pressure and CSR participation (Al-Mamun & Seamer, 2021). CSR is highly contextual (Matten & Moon, 2008; Ling, 2019). Usually, CSR depends on sociopolitical arrangements (Acutt et al., 2004), institutional framework conditions, regulatory independence, and financial and economic development are determinants of CSR (J. Kim & Jeon, 2015).

Developed and emerging markets have distinct institutional environments (Khan et al., 2021). In developing economies, such as Sub-Saharan Africa, institutions are weak and fragile (Famiyeh et al., 2021), and the same are NGOs and the media (Bhatia & Makkar, 2019). Firms operating in environmentally sensitive industries, such as the resource industry, must produce annual environmental assessment reports to ensure operational continuity; however, they largely fail to create reports. Therefore, there is an urgent need to strengthen the rule of law in developing economies to enhance CSR engagement evidence in the current debate in sustainability literature regarding mandatory firm CSR disclosure (Al-Mamun & Seamer, 2021).

In contrast, Western economies' stringent listing requirements seemingly enforce environmental laws that constructively mandate firms to produce environmental assessment reports (see, e.g., the cases of large European Union firms in Italy, Germany, and Denmark following the implementation of directive 2014/95/EU and the United States). Furthermore, the International Integrated Reporting Council (IIRC) 2013 released guiding principles for preparing integrated reports that primarily constitute financial and non-financial (sustainability) reports. Indirectly, sustainability reporting has become quasi-mandatory (Ackers & Grobbelaar, 2021) with the rule of law. By implication, it is the order of the day in developed economies (Chambers et al., 2003) to the extent that even political connections, a discreet relationship between firms and politicians, purported to obtain gains, enhance CSR in the developed economy (Bianchi et al., 2019) (see, e.g., Portuguese economy). Studies that compared firms in developed and developing economies failed to consider the institutional distinction between developed and emerging economies (Hoskisson et al., 2000) and are likely to lead to different relative CSR disclosure performances (Julian & Ofori-dankwa, 2013) between Western economies and emerging market firms. This study compares the CSR disclosure performance of MNCs and local firms operating in a shared weak and insubstantial contextual environment such as sub-Saharan Africa.

This study tackles the scarcity of empirical information on the role of institutional features on CSR engagement in Sub-Saharan Africa rather than globally (Ioannou & Serafeim, 2012; Young &

Makhija, 2014; Lim and Tsutsui, 2012). This study is significant because most existing studies limit the analysis to either specific developed economies (Midttun et al., 2006) or, to a lesser extent, specific developing economies (Khan et al., 2013; Aracil, 2019) or both developed and developing economies in a single comparative study (Al-Mamun & Seamer, 2021; Bhatia & Makkar, 2019; Fifka et al., 2017). Thus, the study adopts a sub-Saharan Africa cross-country approach, examining how a shared weak and fragile institutional environment (Famiyeh et al., 2021) affects CSR reporting across the ESI and the potential difference between MNCs and local firms. In doing so, we move away from the existing narrow focus on a single-country context (Muthuri & Gilbert, 2011; Fatima, 2017; Kane et al., 2017) and the over-attention on Western cum BRICS economies context (Bhatia & Makkar, 2019)

Only a few papers have investigated sustainability reporting in sub-Saharan Africa (Tilt et al., 2021). There is a need for further inquiry into the unique reporting patterns that exist in this potentially uniform setting. This study addresses the research gap by applying Institutional context to examine environmental responsibility and reporting between firms located in and operating in Africa with stimulus or listing from the developed economy(MNCs) and entities operating in Africa without any external listing (local firms). The choice of multinational and local firms hinges on differences in parental influence. Multinationals experience the spillover effect of advanced sustainability practices and reporting (Hosseini & Kaneko, 2013) deemed explicitly practising CSR in the Western economy (Matten & Moon, 2008). For instance, multinationals adopt similar sustainability practices where ever they operate (Husted & Allen, 2006). They tend to follow the CSR initiatives of their parent companies in developed economies and not the emerging CSR strategies, despite their appropriateness to the country where the subsidiary is located (Karyawati et al., 2020). However, local African enterprises have only recently grasped the importance of sustainable practices (Cho, 2020), and their sustainability reporting is values-based and norm-based (Kemp, 2001).

The study conducted four tests. First, a Shapiro-Wilk normality test on each class of collected CSR data. The second test used the Mann-Whitney U test. In the third test, the study drew on significant differences to assess the effect size using Cohen's d. In the fourth test, deploying the Fligner-Killeen test, the study evaluated the robustness of the findings

Consequentially, the study makes the following contributions to the current body of knowledge in three key ways. First, the study adds empirical support to Institutional Theory research, suggesting that there are likely similar CSR responses between Western and emerging economies firms given the same institutional context in developing economies. Specifically, where institutional development undergirding CSR is weak and independent, Western firms will not have a customary higher CSR disclosure than local firms. Second, using data from emerging economies such as SSA will assist researchers in identifying critical differences in sustainability from different viewpoints. Thus, we generate findings in a CSR-relevant context of interest to various scholars and begin to build a theory-based understanding of the nature and implications of CSR in the institutional environment of Sub-Saharan Africa. Third, the expectations concerning sustainability concerns and the possible pressures of CEOs, managers, and investors who plan to diversify to globalisation, especially to a continent such as sub-Saharan Africa, will likely be confronted with.

The remainder of the paper is designed to discuss the background of the study, the appraisal of the theoretical and empirical literature and the advancement of research hypotheses. Next are the methodological issues, the empirical results and the ensuing discourse. The final section provides a summary, conclusion, and suggestions for future studies.

2. Background of the study

According to Ho and Wong (2001), studies conducted in developed nations may not apply to emerging economies due to differences in regulatory and cultural settings. Most CSR reports are comparative studies on multinational and local firms operating in weak institutional regimes in Asia (Narwal & Singh, 2013; Joseph et al., 2015; J. Kim & Jeon, 2015; Fatima, 2017). Most Asian

countries are nations where accelerating economic expansion may impede efforts to advance society and the environment (Liu et al., 2010; Zhang & Wen, 2008). Particularly comparative studies that involve ESI, where environmental regulations and policies put in place do sustainability practices and reporting quasi-mandatory (Tuokuu et al., 2019) (See, e.g., Environmental Protection Agency, 2002). To the best of the authors' knowledge, only Hinson et al. compared MNCs and indigenous Ghanaian mining enterprises. However, ESI firms are mining, energy, and manufacturing firms

For several reasons, SSA presents a vital context to test the hypotheses on ESI firms. First, for over 150 years, SSA's ESI has driven employment, infrastructure development, and government revenue through exports, taxation, and royalty payments (Famiyeh et al., 2021; Tuokuu et al., 2019). Second, it is the most populous continent after Asia. It has difficulties such as access to clean water, deforestation, pollution, and poverty and has had largely ineffectual national strategies to address these issues. Although SSA is sensitive to the effects of global environmental problems, including climate change (Adelle et al., 2016), Africa, particularly in Sub-Saharan African countries with distinct and significant social and environmental challenges, sustainability reporting is extremely inadequate (Tilt et al., 2021).

According to Hanson (2009), Africa is one of the world's most corrupt regions, while Transparency International (IT) (2015) reports that six of the world's ten most corrupt countries are in Sub-Saharan Africa. Economic and financial crimes (corruption) are common in SSA nations (Saddiq & Abu Bakar, 2019) to the extent that the populace pays 6.4 to 12.6% of their wages in bribes (World Bank Group, 2017). High levels of bribery and corruption (Ahunwan, 2002; Osei-Assibey et al., 2018) and governmental interference in SSA influence CSR disclosure practices, as El Gammal et al. (2018) found that firms operating in regions with a level of state corruption shun away from CSR practices. Mangena and Tauringana (2007) mentioned that corruption and political meddling in company activities impair the corporate governance framework. NGOs and the media are also not sufficiently vigilant in SSA countries (Amao, 2008; Atuguba & Dowuona-Hammond, 2006) to pressure firms to be socially responsible (Bhatia & Makkar, 2019). The combination of lax regulatory frameworks (Famiyeh et al., 2021), shared corrupt practices (Transparency International, 2015), political involvement (Mangena & Tauringana, 2007), and inattentive media (Bhatia & Makkar, 2019) may limit incentives for corporations to improve information disclosure (Waweru et al., 2019). In that vein, until SSA promotes institutional reforms to counter corruption (Osei-Assibey et al., 2018), SSA's open market economy presents an exceptional setting to test Western industrialisation theories in emerging nations (Adomako et al., 2018; Banin et al., 2016)

3. Institutional theory

Previous studies have employed Institutional Theory to investigate organisational environmental management (Bansal, 2005; Hoffman, 1999; Yang et al., 2019). Institutional Theory explains the selection of behaviours that do not yield immediate monetary benefits (Meyer & Rowan, 1977,; DiMaggio & Powell, 1983). However, there is a lack of experience in applying organisational Theory to sustainability challenges (Caldera et al., 2019; Glover et al., 2014; Wahga et al., 2018). This Theory offers a different theoretical perspective to assess the literature on CSR and environmental management (Frederiksen, 2018; Frederiksen, 2019; Frynas & Stephens, 2015; M. Tran et al., 2021). The institutional Theory offers a logical method and a valuable framework for expanding our understanding of and providing insight into how corporate practises such as CSR reporting are implemented in specific institutional contexts (M. Tran et al., 2021). More so in emerging economies, such as Africa, where sustainability studies are embryonic (Adib & Xianzhi, 2019).

The success and survival of an organisation highly depend on how a firm conforms to relevant institutional pressures (DiMaggio & Powell, 1983). Institutional tendencies drive sustainability disclosures within a sector despite the non-existence of stakeholder threats or legitimacy pressure (Fifka et al., 2018). Also, Neo-institutional Theory explains institutional changes that are institutionally constructed (Clemens & Cook, 1999) in a manner that the conduct and behaviours in

a setup are primarily homogeneous with the characteristics of members (Meyer & Rowan, 1977). Multinationals have similar parental influence emanating from the Western economy. Empirically, Western firms are better reporters of sustainable practices (Bhatia & Makkar, 2019; Kane et al., 2017). Members of the same institution exhibit the same characteristics in isomorphic behaviour. This structural isomorphism in institutions occurs through either mimetic or coercive and normative forces (DiMaggio & Powel, 1991).

Uncertainty leads to similar organisations replicating each other. In a mimetic orientation, firms that are unsure of their future are pressured to emulate other comparable member organisations to overcome ambiguity and solve problems by acting as essential representatives who are successful in particular courses of action (Bansal, 2005). Successful organisations employ similar frameworks to replicate their successes. African firms operate in the same weak and fragile regulatory environment (Famiyeh et al., 2021). An insubstantial regulatory climate is a recipe for politically connected firms to thrive to maximise profit (Welsch, 2004). Political connections are valuable in countries with weak institutions and common among larger firms (Faccio, 2006), primarily multinationals in the same organisational environment as local firms. Local firms and multinationals form collaborative groups in institutional and regulatory settings. Members of a joint group copy each other in their disclosure practices.

According to institutional Theory, the same socioeconomic and political arrangements impact CSR practices in Africa (Fifka et al., 2018). Given the shared institutional and regulatory environment, local firms and multinationals form a collaborative group and are more likely to become isomorphic (Edwards et al., 2009) to an identical character—suppress quality sustainability practices and uphold the debate that business responsibility must be to enhancing shareholders' wealth maximisation (Ata Ujan & Ntim, 2019; Friedman, 1970).

4. Empirical literature review and hypothesis development

The proponent of Institutional Theory have recently begun to argue for a greater emphasis on the relationship between institutional-level characteristics and CSR practises (Aguilera et al., 2007; Wright et al., 2005). Businesses functioning in identical societal environments tend to acquire similar traits and behavioural standards (DiMaggio & Powell, 1983; Campbell, 2007; Filatotchev and Nakajima, 2014). Institutional theorists contend that societal standards are the primary influencers of organisational CSR activities (Al-Mamun & Seamer, 2021; Young & Makhija, 2014). From the institutional standpoint, organisations must comply with their given institutional settings to secure a sustainable existence and maximise value (Ioannou & Serafeim, 2012; Campbell, 2007; Matten & Moon, 2008). North (and Doh and Guay (2006) acknowledge the influence of formal institutions, such as laws, rules, and legal agreements, and informal institutions, such as behavioural standards and moral codes. In both formal and informal institutional settings, organisations strive to advance collective interests, frequently to have these interests codified as everyday practices, standard norms or both (Doh and Guay, 2006; Campbell, 2007; Matten & Moon, 2008).

Across several economies, formal authority to regulate organisational activity at the institutional level is delegated to various government and regulatory authorities to mandate and enforce laws on organisations within their jurisdiction (Young & Makhija, 2014; Campbell, 2007; Matten & Moon, 2008). Yet, the extent to which regulatory enforcement is congruent with the passed laws determines the amount of compliance with rules and regulations within a specific jurisdiction (Aguilera et al., 2007). According to Young and Makhija (2014) and Lim and Tsutsui (2012), the rule of law is strictest when regulations are visible and practical and regulatory authorities operate within a well-defined legal framework.

Extensive studies have established that CSR practices mutually benefit shareholders' wealth and society (e.g., Lim & Lee, 2022). For this mutual benefit, in most developed settings, sustainability disclosures have been made quasi-mandatory (e.g. Spain, Denmark and large firms in the European Union) (Ackers & Grobbelaar, 2021). Additionally, stringent listing requirements of stock markets tend

to encourage members to provide sustainability information needs of stakeholders (ACCA, 2014). The UK Corporations Act of 2006 also requires publicly traded companies to include information in their annual business reviews about environmental issues, diversity, the workplace, and the community. The UK plays a significant role in Western cross-country CSR through business relations such as Business in the Community (Chambers et al., 2003). Although no laws govern CSR reporting in the USA, many American businesses report on their social and environmental performance yearly, with an annual growth rate of 37 per cent (Cecil & Mahoney, 2010). Companies disclose substantially to their stakeholders because of the stock market's relatively high prominence in the USA (Matten & Moon, 2008). The UK and the USA are the yardsticks for measuring CSR in Western countries (Bhatia & Makkar, 2019). These economies adopt an early understanding of the notion that firms ought to engage with community players and execute CSR schemes for the mutual benefit of the public (Lim & Lee, 2022). The USA is considered a pioneer in CSR reporting (Giannarakis, 2014). For these reasons, more excellent CSR practices are fostered in developed nations because of the rule of law, which facilitates recognising and fulfilling legal and nonlegal responsibilities (Chambers et al., 2003).

When regulations are not evident, and regulators do not act within a predetermined legal framework, the rule of law suffers, and legal enforcement is ineffective. An unproductive regulatory system is especially prevalent in emerging economies, as weak regulatory mechanisms increase how actors violate policies and laws (Al-Mamun & Seamer, 2021). Emerging economies are associated with political instability, corruption, and lower societal standards making the rule of law less visible (Young & Makhija, 2014). Firms operating in such an environment face lower levels of regulatory pressure to embrace CSR (Young & Makhija, 2014; Campbell, 2007; Matten & Moon, 2008). In emerging economies, the standards and processes that form the backbone of corporate social responsibility in developed countries are less robust (Kemp, 2001). These provide politically connected firms with a valuable tool for circumventing the system (Faccio, 2006) in emerging economies.

The level of dedication to which enterprises in different regions embrace the CSR idea and its activities is significantly affected by the regional context, specifically, the convergence of social, political, legal, religious, and economic elements influencing local business practices (C. H. Kim et al., 2013; Chapple & Moon, 2005; Welford, 2005). MNCs and local firms operating in emerging markets function in a common set of less robust institutional standards and processes that form the spine of corporate social responsibility (Kemp, 2001). Institutional theorists emphasise institutional conditions as key CSR drivers, arguing that when firms confront similar institutional pressures, they are more likely to demonstrate homogeneous conduct in their CSR activity (Young & Makhija, 2014; Lim and Tsutsui, 2012). As members of a collaborative group copy each other in their disclosure practices, this study hypothesises that mimetic pressure:

H1: In SSA with a shared weak institutional and regulatory environment, MNCs and local firms CSR reporting on governance and management system will show no significant difference

H2: In SSA with a shared fragile institutional and regulatory environment, MNCs and local firms CSR reporting on the credibility of CSR initiatives will show no significant difference

H3: In SSA with a shared weak institutional and regulatory environment, MNCs and local firms CSR reporting on supportable indicators will show no significant difference

H4: In SSA with a shared fragile institutional and regulatory environment, MNCs and local firms CSR reporting on spending and savings arising from sustainability projects will show no significant difference

H5: In SSA with a shared weak institutional and regulatory environment, MNCs and local firms CSR reporting on CSR strategy and vision claim will show no significant difference

H6: In SSA with a shared weak institutional and regulatory environment, MNCs and local firms CSR reporting on CSR internal initiatives will show no significant difference

H7: In SSA with a common weak institutional and regulatory environment, MNCs and local firms CSR reporting on disclosure of management approach will show no significant difference

5. Research design and methodology

5.1. Research context

This study examines firms sampled in the resource industry. The resource industry is the most reported sustainability issue (Cho et al., 2015; Aggarwal & Singh, 2018) due to its intense impact on the physical environment. Primarily, industry players extract wasting non-renewable assets (Cowell et al., 1999), intensely subject the physical environment to biodiversity imbalance, and emit effluents and atmospheric toxins that deplete the ozone layer. Owing to these devastating environmental effects, resource industry players are subject to environmental regulations and institutions. Environmental regulations and institutions' requirement is a recipe for making regulators and institutions critical to this study. This study uses the Sustainability Reporting Guidelines (Global Reporting Initiative, 2000–2011) to compare MNCs and local firms in seven (7) basic sustainability performances. The seven essential CSR disclosure issues for comparison are (1) governance structure and sustainable development management; (2) credibility given to sustainability-related initiatives; (3) verifiable sustainability performance metrics; (4) details on financial expenditures and savings; (5) top-level management's sustainability vision and adopted strategy as communicated to the reporting entity's stakeholders; (6) disclosures on the company's internal programs that recognise and reward staff members for their contributions to achieving sustainability objectives; and (7) disclosures on approach management deployed towards running the future economy, society, and the environment.

The Global Reporting Initiatives (GRI)-derived checklist guided the study. The deployed seven sustainability principles are GRI fundamental initiatives with the strength of coverage, ensuring that all companies need to know and practice to protect the ecosystem. The framework has gained popularity in sustainability reporting over the years globally. It is the most commonly used sustainability reporting framework worldwide (Karagiannis et al., 2019) adopted to analyse the extent of firms' disclosures. Due to weak institutions and a poor regulatory environment (Famiyeh et al., 2021), sustainability reporting in the sub-region is highly voluntary. Enterprises fail to entirely reveal the occurrences exclusive to the reporting year in question, especially website publications that are not year-specific yet form a large proportion of CSR disclosures (Beck et al., 2018). Only a few firms have comprehensive progress reports on sustainability, especially in Africa, which limits sustainability reporting data (Tilt et al., 2021) to warrant a panel approach. The analysis was limited to a single year of data, similar to contemporary research on sustainability (see, e.g., Beck et al., 2018; Sinthupundaja et al., 2018; Tilt et al., 2021). Data was obtained by scoring companies' sustainability disclosures in their audited annual reports and standalone sustainability reports for the year ending 31 December 2017.

5.2. Sampling and data collection

To obtain a sample representing the entire SSA in the ESI, this study sampled from ten stock markets (Ghana, Nigeria, Ivory Coast, South Africa, Kenya, Mauritius, Tanzania, Zambia, Botswana and Swaziland) that pride in MNCs. ESI firms are (1) the Manufacturing industry whose operations span two significant areas—those that produce natural products and those that process them. (2) Mining, a single central group, with few other firms in exploration. (3) Energy, one major group (oil and gas firms). In that regard, sampled companies were 65 manufacturing firms, 40 mining firms, and 30 energy firms, totalling 135 firms. The study grouped sampled firms into (1) 41 multinationals with external influence or listings, in addition to listing on any African stock markets. (2) 94 exclusively African or listed firms. Africa-based firms are listed only on African stock markets. A firm qualifies as part of the study population if listed on any African stock market. Further listing

in the Western economy migrates such a firm to a multinational group. No firm has dual membership. While the total planned sample size was 145, ten organisations did not qualify due to a lack of a 2017 annual report or misrepresented information in their CSR-related material. As a result, the final sample size was 135 businesses. Although we recognise that a bigger sample size would allow for improved generalizability of CSR disclosure practises in the sub-region, the labour-intensive data-gathering process of content analysis has limited our capacity to increase the sample size further. Data were drawn from website publications, annual reports, integrated reports, and standalone sustainability reports to assess the extent of CSR disclosures, following Ong et al. (2016) GRI-derived checklist and a combined scoring index (Clarkson et al., 2008; Ong et al., 2016). This study applied interpretive content analysis to collect sustainability data.

5.3. Measurement of sustainability variables

We utilise the equal-weighted index produced by Clarkson et al. (2008) and the unequal index developed by Ong et al. (2016) to assess the level of CSR disclosure (see appendix). Clarkson et al. (2008) and Ong et al. (2016) combined scheme was cross-checked and significantly changed regarding other related research to appropriately reflect varied sustainability challenges relevant to the examined context (Hummel & Schlick, 2016; Nobanee & Ellili, 2016). Based on a list of 101 disclosure items grouped into seven primary sub-categories(see Table 1 and 2), each item was assigned one mark if a reporting firm disclosed data and a zero if otherwise. For spending and savings on sustainability disclosure(spen_sav) and supportable sustainability indicators(Sup_ind), each item scores between 0 to 4 marks, depending on the extent of exposure. The mark is 0 when the data is missing, one mark if data is disclosed, another one if previous year data is disclosed, one more mark if industry data on the issue is revealed, and another mark if the data is expressed in the normalised form. We estimate the aggregate disclosure by a firm for each class of sustainability sub-category as a % of the expected total marks for that class of sustainability sub-group.

There were two main tests on all the various sub-dimensions, and the total disclosures of the seven identified GRI principles. First, a normality test to assess the distribution of the data in the population. The results of the sustainability Shapiro-Wilk test showed that none of the sustainability disclosure variables of interest follows a normal distribution. The study performed non-parametric statistical tests in the absence of normality. Non-parametric methods are best for small samples and data not fulfilling parametric assumptions (Pallant, 2013). The second test was the Mann-Whitney U test to compare the two independent groups (MNCs and local firms) disclosing the seven identified GRI principles. Without a normality assumption, the Mann-Whitney test compares two groups within independent samples (Field, 2013). The third test was Cohen's d-factor analysis of effect size to assess the practicality of any significant difference between multinational and local firms. Cohen (1988) proposed an effect size analysis to evaluate the usefulness of the significant difference. Table 1 presents the variables of interest and their corresponding meaning.

6. Empirical results and discussions

6.1. Descriptive statistics

Table 3 summarises descriptive statistics of all CSR variables used in this study. CSR disclosures index score ranges from a minimum of 0% to a maximum of 100%, with the average collective disclosure (Coll_dis) of all firms at 32.28% of the 65 items investigated. The average score is less than 50% compared to what the GRI-CSR fundamentals stipulate. Likewise, in each of the seven CSR sub-dimension items investigated, the average disclosure is low (less than 50%) for all the firms (Gov/mgt_syst = 44.44%, Credibility = 39.1%, sup_ind = 11.20%, sav_spen = 27.13%, vis_stra = 48.78%, Int_initiative = 9.14% and DMA = 46.55%. These results signal a low disclosure level affirming earlier findings that sustainability reporting in emerging markets is at the embryonic stage (Adib & Xianzhi, 2019). Considering the conclusions of prior research in which Western economies listed firms' CSR disclosure performance is high or growing higher (Jain et al., 2015), in this study, MNCs with Western economies' advanced CSR practices stimuli are diminishing in

Table 1. Sustainability disclosure (Variables) of interest and what they stand for

1)	Gov_mgt.Syst
2)	Credibility
3)	Sup_ind
4)	Sav_spen
5)	Vis_stra
6)	Int_initiative
7)	DMA
8)	Coll_dis
Gov_mgt.Syst = governance structure and sustainable development management	
Credibility = credence of sustainability-related news and initiatives	
Sup_ind = acceptable sustainability performance metrics	
Sav_spen = details on financial expenditures and savings	
Vis_stra = Management's sustainability vision and adopted strategy communicated to the stakeholders	
Int_initiative = the internal programs reward staff for their contributions to achieving sustainability objectives	
DMA = disclosures on approach management deployed to run the economy, society and the environment	
Coll_dis = Total collective disclosures by a firm.	

Table 2. Sustainability scoring index

Category	Items	Maximum
		score
Y1. Governance Structure and management systems	9	9
Y2. Credibility	5	5
Y3. Supportable indicators	38	152
Y4. Savings and spending related to sustainability	2	8
Y5. Vision and strategy claims	7	7
Y6. Internal sustainability initiatives	3	3
Y7. Disclosure of management approach	37	37
	101	221

CSR. Salazar et al. (2018) echoed that MNCs decline CSR to maximise their economic gains. Likewise, Ata Ujan and Ntim (2019) documented how firms can be so invaded by a monetary value that profit maximisation is the only objective of business existence.

6.2. Non-parametric analysis

Table 4 below presents the initial normality test of the distribution of the collected data. In all cases of each dimension of sustainability disclosure, the p-values are low and less than 0.05. The population from which the data are drawn is not normally distributed. Non-normal distribution paves the way to deploy a non-parametric approach to compare two groups (MNCs and local firms). The Mann-Whitney U test was deployed to assess the difference between MNCs' and local firms' CSR disclosure.

Table 5 presents the Mann-Whitney U test results for various dimensions of sustainability disclosures. The results between multinationals and locally based firms on total disclosures (Coll_dis) show reporting equality (with a p-value of 0.1324 at a 95% confidence interval). The

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Table 3. Descriptive statistics

CSR Variable	% disclosure by All firms	% disclosure by MNCs	% disclosure by Local firms
Gov/mgt_ syst:			
Mean	44.44	52.03	41.13
St dev	34.66	36.21	33.62
Min	0.00	0.00	0.00
Max	100.00	100	100
Credibility:			
Mean	39.41	47.80	35.74
St dev	34.97	37.65	33.29
Min	0.00	0.00	0.00
Max	100	100	100
Sup_ind: Mean	11.20	14.57	9.73
St dev	12.88	14.49	11.90
Min	0.00	0.00	0.00
Max	61.54	42.30	61.54
Sav_spen:			
Mean	27.13	23.17	28.85
St dev	18.98	21.20	17.77
Min	0.00	0.00	0.00
Max	75.00	75.00	75.00
Vis_stra:			
Mean	48.78	58.88	44.37
St dev	32.24	33.98	30.60
Min	0.00	0.00	0.00
Max	100.00	100.00	100.00
Int_Initiave:			
Mean	9.14	11.38	8.15
St dev	21.32	24.27	19.96
Min	0.00	0.00	0.00
Max	100	100.00	100.00
DMA: Mean	46.55	51.61	44.33
St dev	27.91	28.86	27.34
Min	0.00	0.00	0.00
Max	100	100.00	100.00
Coll_dis:			
Mean	32.28	37.06	30.33
St dev	20.21	22.49	18.91
Min	0.00	0.77	0.00
Max	78.85	78.15	78.85

findings suggest that the two groups (multinational and local firms) show no significant differences in total sustainability disclosures (Coll_dis). This study compared the two groups of firms in the disclosure subdivisions.

Table 4. Shapiro-Wilk normality test results

Variable	Gov/mgt_syst	Credibility	Sup_ind	sav_spen	Vis_stra	Int_initiave	DMA	Coll_dis
Shapiro-W statistic (W)	0.89555	0.86336	0.76134	0.74057	0.9283	0.48783	0.9568	0.94305
P-value	2.85E-08	8.02E-10	1.54E-13	3.74E-14	2.33E-06	<2.2e-16	0.00029	2.45E-05

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Table 5. Mann-Whitney U test results for total disclosure and sub-dimensions of sustainability disclosures

	Total disclosures	Sub-dimensions of sustainability reporting						
	Coll_dis	**Gov_sys/mgt**	**Credibility**	**Sup_ind**	**Sav_spen**	**Vis_stra**	**Int_initiave**	**DMA**
Mann-Whitney statistic	1612	1583	1578	1606	2270	1433	1823.5	1653.5
P-value	0.1324	0.09792	0.08528	0.1231	0.06039	0.01724	0.4663	0.1912

From Table 5, at a significance level of 0.05, except for the vision and strategy claims (Vis_stra), there are no significant differences between local firms and multinationals across each sustainability disclosure, as the p-values are above 0.05. These results give backing to six of the seven hypotheses (H1, H2, H3, H4, H5, and H7) that MNCs and local firms' sustainability disclosures show no significant difference in governance and management systems (Gov/Mgt_sys), Credibility, Supportable indicators (Sup_ind), spending and savings (spen_sav), internal initiative (Int_initiative) and disclosure of management approach (DMA). However, there is a significant difference in mean exposure between multinationals and local firms in vision and strategy claims (Vis_stra) of 14.51(58.88–44.37) % as the p-value is small (0.01724) and less than 0.05. Hypothesis H5 is rejected. The study continued with the effect size analysis on vision and strategy claims. The effect size of Cohen's d factor is 0.45. Cohen (1988) defined a modest effect as 0.2 or less. A score between 0.2 and 0.5 is moderate, whereas a value over 0.5 is substantial. The significant difference is only moderate at a Cohen d factor of 0.45. Except for the moderate difference in vision and strategy claim disclosure, this study supports the hypothesis that no sustainability disclosure difference exists between multinational and exclusively Africa-based firms.

First, the average disclosure in the seven sub-dimensions of sustainability reporting is similar for both MNCs and local firms. Similar disclosure demonstrates institutional conducts that are institutionally constructed (Clemens & Cook, 1999) in emerging markets among MNCs and local firms in a manner that the behaviour in a setup (SSA firms) are primarily consistent in its members' traits (Meyer & Rowan, 1977). MNCs and local firms exhibit similar characteristics and behavioural standards (DiMaggio & Powell, 1983; Filatotchev and Nakajaji, 2014) – low and equal CSR reporting performance. In the same weak and fragile regulatory environment (Famiyeh et al., 2021), beneficiaries of political connection, MNCs (Faccio, 2006) thrive to maximise profit (Welsch, 2004), and the local firms follow suit. In developed economies, consumers are better aware of the activities of businesses (Cavalcanti Sá Abreu & Barlow, 2013), the media serve as watchdogs of society, and NGOs and civil society organisations pressure companies to prioritise social responsibility over profit maximisation (Vilar & Simão, 2015). In the emerging market, the story is different for multinationals. Young and Makhija (2014) echoed that societal standards are the primary influencers of organisational CSR activities. Multinationals and local firms in SSA operate in the same societal environment (Fifka et al., 2018). MNCs and regional organisations must comply with their given institutional settings to secure a justifiable survival and maximise value (Ioannou & Serafeim, 2012; Campbell, 2007; Matten & Moon, 2008). If local firms' total disclosure (Coll_ind) averages 30.33%, less than 50% of the GRI-derived stipulations, MNCs disclosure is also bound to be low (37.06%). The mimetic behaviour of multinationals seeks to subdue quality sustainability practices and reporting in the interest of aligning with local firms in CSR reporting tendencies. Multinationals do not bring developed economies sophisticated CSR effects on sustainable practices and disclosures in the African subregion. Regulatory bodies that drive behavioural and moral codes (Doh & Guay, 2006) are frail in emerging markets (Famiyeh et al., 2021). The rule of law suffers, and legal enforcement is ineffective (Rahim, 2016). Inefficient systems are pervasive in emerging economies, where poor regulatory mechanisms are associated with increased policy and legal violations (Al-Mamun & Seamer, 2021). This study's findings (CSR low disclosure rate) affirm earlier findings by Young and Makhija (2014) that firms operating in such unprivileged institutional arrangements face little regulatory pressure to embrace CSR reporting. Weak institutions and a poor regulatory environment (Famiyeh et al., 2021) coupled with socio-political hurdles (Bishoge et al., 2020) have a standard and stronger hold on sustainability reporting practices in Africa.

Western economies' advanced sustainability practices and reporting are founded on international-based formats that maintain a strong, clear, and developed form of governance, which has helped facilitate more excellent CSR practices (Chambers et al., 2003). Due to the convergence of securities rules and corporate governance codes, corporate governance norms are substantially converged among countries (Tricker, 2012). Given the widespread adoption of institutional-level reforms and their impact on corporate sustainability disclosure (M. Tran et al., 2021), it is projected that MNCs operating anywhere will demonstrate more incredible CSR reporting trends. However,

that is not the case in this study. Findings by M. Tran et al. (2021) that efforts to implement recommended governance norms through institutional reforms may be futile in non-Western environments are supported in this study. Matten and Moon (2008) demonstrated that CSR is contextual. Given the shared institutional and regulatory environment and the same socioeconomic and political arrangements impact CSR practices in Africa (Fifka et al., 2018), local firms and multinationals have become isomorphic (Edwards et al., 2009) to an identical character- low and equal CSR reporters.

In a traditionally based economy such as Africa, the private sector drives development, expansion, and advancement (sustainable development) (Rashed & Shah, 2021). Founding family members usually lead companies in the private sector. Certainly, CSR performance will be poorer for family-led compared with nonfamily-led organisations (N. M. Tran & Nguyen, 2022). Family directors keep in touch with influential members of the ruling parties and other significant constituencies to favour curry as part of their plan to manage their stakeholder relationships. CSR practices in developing economies are “interpersonal” in that they surface from social relations and agree with sociocultural values and norms (Forcadell & Aracil, 2017; Jamali & Karam, 2018). These forms of relational CSR practices aim to improve the lives of the most marginalised members of African society through initiatives such as scholarships for academically gifted students and programs for economically underprivileged people, such as beggars, acid victims, and transgender people. The need to, at most, maintain and strengthen relationships with the local population may explain why multinationals do not exceed their local counterparts in sustainability practices and reporting following GRI’s green initiatives (CSR practice). The inevitable conclusion is that the directors and management of multinational corporations exploit weak regulatory regimes in their never-ending pursuit of capital accumulation (wealth maximisation). Stakeholders, the intended CSR beneficiaries, are made more vulnerable due to this exploitation, which indicates the capitalist system. A shared sense of decency, compassion, and social responsibility should establish legal protection of CSR practices. Greed, individuality, power, and self-interest dominate when a social system is established.

The resource industry is highly regulated because of the intense impact of its activities on the physical environment. Environmental regulations aim to enforce mandatory standards when regulators issue CSR guidelines. Nonetheless, company executives successfully negotiate sufficient leeway to follow the principles, with the relevant regulators admitting that optional adoption is required. Both multinational and local businesses are not merely passive actors carrying out CSR operations to satisfy CSR rules; instead, they actively bargain and negotiate environmental regulations. Institutional studies before this also emphasised the importance of creating a negotiated appearance in their surroundings (e.g., Julian et al., 2008).

CSR is a function of economic wealth (Al-Mamun & Seamer, 2021), so it is more prevalent in the developed Western world, where firms are more stable and prosperous (Chambers et al., 2003; Chapple & Moon, 2005). In emerging economies, multinationals are primarily the beneficiaries of weak institutions (Faccio, 2006). They must be in a more prosperous position to give back to society with better CSR-reporting practices than their local counterparts.

The practically moderate significance difference in vision and strategy claims (Vis_stra) disclosures between multinationals and local firms is merely an assertion. Typically, the chief executive officer comments on a firm’s sustainability performance in a letter to the company’s shareholders or stakeholders. They proclaim the firm’s policy on sustainability as well as its beliefs, principles, and codes of behaviour, and they indicate how the company intends to conduct frequent assessments and evaluate its performance with sustainability. However, global companies have not implemented these goals and strategies. Multinationals have failed to implement these visions and strategies. Otherwise, the effect of implementation would have resulted in multinationals distinguishing themselves from local firms in other areas of sustainability reporting.

Earlier research findings that firms in Western economies are better at sustainability reporting than those in emerging economies (Bhatia & Makkar, 2019; Kane et al., 2017) is a result of the research design. Comparing firms operating in different contextual environments could explain the observed differences. Placing multinationals and local firms in the same setting yields different results, as in the case of emerging markets, such as sub-Saharan Africa.

6.3. Sensitivity analysis

To determine the robustness of our finding (equal CSR reporting by MNCs and local firms), we assessed the sensitivity of our results along one dimension: the pattern of CSR disclosure deviations from the mean CSR disclosure at the aggregate level for the two independent groups (MNCs and local firms). The study examined whether there is any significant difference in variance around the mean for the separate groups (MNCs and local firms) CSR disclosures. We used the Fligner-Killeen test to assess variance homogeneity. The Fligner-Killeen test is a robust non-parametric test deployed to evaluate the homogeneity of variance between groups when the variable of interest (total CSR disclosure) deviates from normality (Giacomini et al., 2021). The null hypothesis was that there is equality of variance between MNCs and local firms on total CSR disclosure (aggregate disclosure). The test results have a p-value of 0.085. At a significance level of 0.05, the study fails to reject the null hypothesis. Thus there is equality of variance between MNCs and local firms on total CSR disclosure. This results in the same pattern of findings. The findings show that the entire CSR disclosure of MNCs is not significantly different from that of local firms when both groups operate in a shared contextual environment.

7. Conclusions

Comparative studies of Western economies and emerging market firms are familiar in prior studies. However, comparing the two groups of firms doing business in the same weak institutional dispensation is exceptional. Especially where environmental regulations seemingly mandate firms in the resource industry to be socially and environmentally responsible, it is unique and provides novel implications than previous studies. These findings support Institutional Theory and add a new dimension to the extant literature by validating the hypothesised relationship. More specifically, the study partially rejects Western firms' better sustainability reporting tendencies than emerging economies. When both Western and local firms operate in a joint contextual arrangement, the two groups have no significant difference in CSR reporting. Second, using data from emerging markets and developing economies like SSA can help researchers uncover key sustainability differences from different perspectives. Thus, we create data in a CSR-relevant setting of interest to diverse researchers and build a theory-based understanding of CSR's nature and significance in Sub-Saharan Africa's institutional framework. Third, the expectations concerning institutional context-CSR reporting and the possible pressures for CEOs and investors who plan to diversify globally, especially to a continent like SSA, will likely be confronted with. Consequentially, an institutional quality that drives CSR (Al-Mamun & Seamer, 2021), regulators and policymakers could strengthen these institutions and make them independent

This study is not without limitations. First, the study sampled resource industry firms listed in the African sub-region. CSR reporting is mainly voluntary; however, institutions are essential in this research. The ESI environmental regulations make CSR reporting partially mandatory; hence, sectorial institutions' vigilance is significant. Consequently, these results should interpret within this limit. Future research could use information from the broader sector and region and expand on this study's theme to cover other industries. Second, the investigation centred around 2017; therefore, the endorsement of the results of prior periods might require additional verification if a methodological arrangement can enhance the separation of each year's exclusive data, especially website data, which forms an integral part of this study. Finally, the number of resource industry firms and multinationals will increase due to globalisation. A comparative study between emerging markets multinationals and their parent counterparts operating in the Western world might explore variations between these two environmental settings and provide specific additional implications accordingly.Fftotchev and Nakajima (2014). Corporate governance, responsible

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