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Corporate social reporting preferences in a developing country: evidence from Iran

Abstract

This paper provides new empirical evidence regarding corporate social responsibility information needs, perceptions and preferences in a developing country, Iran. While there is substantial research which has examined CSR practice, little reference has been made to the needs of major 'users' in developing countries. Results show that users of CSR information favor the corporate annual report as the primary disclosure source. They identified information about environment as the most important CSR information. While respondents believe that the level of CSR information provided is insufficient, the overall levels of understandability and credibility are acceptable. Users also indicated that they would prefer to have government as opposed to professional regulations governing CSR disclosure. This is a significant examination specifically directed at major users of CSR information in Iran; the findings presented in this paper contribute as a platform for the evolution of CSR disclosure guidelines in developing countries.

Keywords: developing countries, corporate social responsibility reporting, users' needs and perceptions, Iran.

JEL Classification: M14.

Introduction

Hackston and Milne (1996) define corporate social responsibility (CSR) reporting as the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports. Gray et al. (1996) argue that although CSR considers a wide range of activities and audiences, it cannot be an open-ended agenda for reporting. They also believe that the social accounting literature tends to assume that the reports are prepared about certain areas of activities – typically, those that affect the physical environment, human resources, communities, consumers and products.

Over the last four decades CSR reporting has been the subject of substantial research. Some of the issues investigated include: why companies provide CSR disclosures, when do they disclose CSR information, and what are the possible relationships between the level of CSR disclosure and company characteristics (see, for example, Aras et al. 2011; Gray et al., 1995; Haniffa & Cooke, 2005; Islam & Deegan, 2008; Khasharmeh & Suwaidan, 2010; Ratanajoinkol et al., 2006; Tilt, 1997; Yaftian et al., 2012). The issue of users' CSR information needs and preferences has not received the same degree of attention. Most studies in this area tend to focus on developed countries (see, for example, Deegan & Rankin, 1999; Tilt, 1994). Developing countries such as Iran have received relatively little attention. Accordingly Tsang (1998) argues that it is unacceptable to extend and generalize the results of CSR studies in developed countries and compare these results with less developed ones as the level of

economic development is likely to be an important factor affecting CSR practices. Moreover, other societal factors such as cultural and national differences are also likely to affect corporate disclosure practices in general and CSR in particular even in countries with similar economic rank (Mathews, 1993; Perera & Mathews, 1990).

As CSR disclosure is considered to be at a low level in developing countries such as Iran (Yaftian et al., 2012), the importance of information of this nature needs to be addressed. An acknowledged shortage of research in this area in Iran provides justification for the investigation of this issue. In this paper new empirical evidence regarding the CSR information needs, perceptions and preferences of users in a developing country, Iran is provided. The investigation in this paper has four main objectives which are stated as the following research questions.

Q1: Do corporate report user groups in Iran see/read CSR information, and if so, where?

Q2: Do the user groups expect CSR reporting, and if so, what type?

Q3: Is the current CSR reporting practice understandable, creditable and sufficient from the user groups' point of view?

Q4: Do the user groups believe that CSR reporting should be mandatory and regulated, and if so, by whom?

The literature shows that these issues are important and have been investigated in prior research in the context of developed countries (Deegan & Rankin, 1997; Azzone et al., 1997; and Tilt 1994). The knowledge that emerges from this study of a developing country has the potential to inform the regulatory process and major user groups.

The remainder of this paper proceeds as follows. In section 1, important rationales explaining the growth of interest in CSR are presented and major users of CSR are identified. The research methodology is explained in section 2. In section 3 the results of data analysis are presented and discussed. The final section five concludes the paper.

1. Background and relevant literature

Traditional corporate reporting has generally failed to inform stakeholders about the impact of business activities on society (Hackston & Milne, 1996). Over the past few decades, society has placed an increased demand on businesses for better corporate behavior and to legitimize their existence (Gao & Zhang, 2006; Islam & Deegan, 2008). In line with such expectations, there has been a growing interest in the reporting of corporate social impacts and actions, and, therefore, a shift from mere financial reporting to corporate reporting that includes elements of social and environmental behavior. As a result, businesses have started to include CSR within their annual reports (Belkaoui, 1980). Considering the general absence of regulation for this type of information noted by Deegan and Rankin (1999), there is economic value in knowing whether anyone uses the information and in knowing the information requirements of identified user groups.

In this paper, the identified CSR disclosures are the five themes adopted from Trotman and Bradley's (1981) study: human resources; environmental performance and policies; energy consumption issues; community activities; and customer satisfaction and product quality. These CSR disclosure themes are of common interest and have been used in a number of earlier studies (Deegan et al., 2002; Gray et al., 1995; Hackston & Milne, 1996; Tsang, 1998; Zeghal & Ahmad, 1990).

Several studies have taken a 'managerial perspective' when examining how CSR disclosure is used as a tool for the communication of information to economically powerful stakeholders (Owen et al., 2001; Unerman & Bennett, 2004; Wilmshurst & Frost, 2000). Other studies have focused on non-managerial groups such as non-governmental organizations, employees and business students (Azzone et al., 1997; Gholipour, Nayeri & Mir-Mehdi, 2012; Nejati & Ghasemi, 2012; O'Dwyer et al., 2005a; Tilt, 1994). The managerial preferences have been investigated from two perspectives. One perspective has focused on specific user groups such as individual investors, mutual fund directors, chief financial officers, and institutional investors (O'Dwyer et al., 2005b; Solomon & Solomon, 2006;

Wilmshurst & Frost, 2000). The second perspective has focused on broader user groups (Deegan & Rankin, 1997; 1999) and examines managerial preferences about the current and potential adequacy of CSR disclosures in meeting their information needs. Corporate social responsibility disclosure is accompanied by an economic cost, although arguably, an economic benefit also occurs as a result of the disclosure. As CSR disclosure is considered to be at a low level in developing countries such as Iran (Yaftian et al., 2012), there may be conflicting views as to the importance of, or even the need for information of this nature.

The Corporate Report (ASSC, 1975) has been used in some research studies (Deegan & Rankin, 1997) to provide a definition of 'users' which includes: equity investors, creditors, employees, analysts/advisers, business contact groups, government and the public. This definition of users goes beyond the shareholders or investors who have a direct relationship with the company, as it is based on a far broader definition of accountability to various groups within the community which have different interests in the organization, either directly or indirectly, and which have influence over the organization's decision-making. Azzone et al. (1997) identified eight user groups which included: academia, employees, environmental non-governmental organizations (NGOs), financial community, local community, regulators and policy-makers, investors, and trade and industry, as users of environmental information. The selection of users in their study was based on three main criteria – feasibility of user groups, their continued interest in environmental performance, and their need for information on the environmental performance of organizations.

In regard to research undertaken in the context of Iran, Nejati and Ghasemi (2012) consider the perceptions of employees, and Gholipour, Nayeri and Mir-Mehdi (2012) consider the perceptions of business students regarding the need for CSR information. Neither of these studies targeted all of the major user groups recognized by accounting standards which are auditors, academics, bankers, business managers, investors, and stockbrokers. These user groups are also consistent with the Iranian Accounting Standards Conceptual Framework and the corporate reporting environment in Iran. Therefore, these are the user groups chosen for investigation in this study. Salehi and Azary (2009) used similar user groups when considering CSR reporting and identified an expectation gap between the actual and expected level of CSR information being reported in Iran.

The theory of CSR has been the subject of much debate among researchers for a long time. Tilt (1994) by using the interpretive paradigm theory in her study, argues this theory considers human nature as important and recognizes the existence of social world and a pluralistic set of users of CSR. Interpretive theory assumes that human behavior can be interpreted through a knowledge of structural forces. Consistent with this view, in this study interpretive theory is utilized as an appropriate theoretical framework that underpins the development of the research hypotheses which are stated in section 3.

2. Research method

2.1. Data source. To gather data and assess the views of Iranian annual report users with respect to the nature, extent and the level of importance of CSR disclosures, a questionnaire instrument was used. The main body of the questionnaire was adapted from Tilt's (1994) study, and contained questions answerable in a range of styles including yes/no format, multiple-choice, Likert ranked scales and some open-ended, descriptive responses.

2.2. Survey population and sampling. As previously mentioned, based on the Iranian corporate reporting environment, identifiable user groups are auditors, academics, bankers, business managers, institutional investors and stockbrokers. The sample for each category of participants was determined based on time and budgetary constraints and existing potential samples within each category.

A sample of 220 auditors was selected from a list of 1101 members of the Iranian Association of Certified Public Accountants (IACPA) using the systematic sampling technique. The academic population includes all academic staff members of accounting departments in Iranian public universities. Through an on-line search of public universities which offer accounting courses, a list of 112 accounting academics from 18 universities was prepared. Due to the relatively small size of the academic population, the whole population was considered as the target sample in this study. The sample of bankers represents senior officers working in the credit and loan divisions within banks. There are seven commercial government-owned, four specialized government-owned, and six private-owned banks in Iran, all of which are headquartered in Tehran (Iran's capital city). The samples were drawn from the officers located in the headquarters of those banks. The number of senior officers was sought in advance from the relevant managers of the banks; 144 officers were listed as bank credit and loan officers. The stockbroker

sample comprised 173 senior managers and managing directors within the 86 stockbroking firms registered with the Tehran Stock Exchange (TSE). The business manager sample was drawn from the chief financial officers (CFOs) of companies listed on the TSE. A systematic sampling technique enabled the selection of 110 CFOs. The investor sample was the most difficult to compile due to access limitations concerning data collection focused on directors and senior investment analysts representing institutional investors. This included 11 listed companies and one major unlisted investment company, all of which were located in Tehran, and the sample comprised 87 senior investment analysts.

Participants were provided with a questionnaire to complete within two weeks and a stamped, return envelope. Non-respondents were sent a follow-up letter. The questionnaire distribution and responses are summarized in Table 1.

Table 1. Questionnaire distribution and responses

User groups	Sample size	No. of responses	Response, %	Sample, %
Academics	112	51	45.53	15.31
Auditors	220	95	43.00	26.00
Bankers	144	56	38.88	17.02
Business managers	110	34	30.90	13.00
Investors	87	29	33.33	10.29
Stockbrokers	173	68	39.30	20.45
Total	846	333	39.36	100.00

2.3. Analyzing data. The statistical techniques used for computation and analysis of the data included descriptive and non-parametric techniques. Descriptive statistical techniques were used for computing the respondents' preference distributions, means, medians and standard deviations in respect of each CSR theme. Non-parametric techniques were conducted to discover differences or homogeneity of respondent groups regarding various issues in respect to CSR information, and applied through testing null-hypotheses.

3. Results and discussion

3.1. Demographic data. The results show that 252 respondents were male, and 81 female (75.7% & 24.3%), respectively, across all groups. They also indicate that 99% of respondents hold a university degree. The academic categories used were: Diploma or lower, Bachelor or equivalent, Master or equivalent, Ph.D. or equivalent, and 'Other'. Only three respondents (all from the bankers group) are in the Diploma category, while a majority of the respondents (86.2%) hold a degree in commerce or a related field, and 42.9% are members of one of the Iranian professional accounting bodies. The significance of differences was tested by undertaking a Pearson Chi-

square test (χ^2) to find the existence of any relationship between user groups and academic qualifications. The following null-hypothesis was tested:

H1: There is no difference between respondent groups regarding their academic qualifications.

The results of the Pearson χ^2 test show that the academic qualifications between respondent groups are statistically different at the 1% level (Chi-square = 203.204, DF = 15, $p = 0.0000$). This indicates that there is not homogeneity in the academic qualifications between the respondent groups.

3.2. Users' sources of CSR information.

Respondents were asked whether they had seen or read CSR information, and if so, to indicate the sources of that information. They were also asked to rank the sources in order of preference, with a rank of five being the highest and a rank of one being the lowest. A large number of respondents (93.1%) reported having seen or read CSR information, and analysis was performed to determine whether the respondents having seen or read CSR information was independent of their category. Dependence was observed at the 1% significance level (Chi-square = 17.151, DF = 5, $p = 0.004$).

The information in Table 2 provides the results relating to the source of CSR information seen or read. The overall pattern of responses to this question is consistent with some previous studies which identified the annual report as the main source of CSR information (Deegan & Rankin, 1997; Tilt, 1994). Annual reports were ranked as the most common source of CSR information by 89.6% of respondents (mean of 4.73/5). The results also indicate the consistency of the perceived importance of the annual reports as a source of information across all respondent groups. One reason for this result could be that the contents of annual reports are subject to audit review and so are relatively credible.

Advertisements (media releases) are ranked by respondents as the second most commonly-accessed source of CSR information (75.3%; mean of 3.66/5). The company web-site was ranked as the third most commonly sourced medium (73.1%; mean of 3.51/5). The relatively strong position of the company web-site as an effective corporate information medium provides a finding of contemporary importance. The use of the Internet as a channel for the dissemination of corporate information is a relatively recent and fast-growing phenomenon (Ntalianis & Wise; Fisher et al., 2004). The users' responses regarding accessing information provided on the corporate web-site confirm the changing pattern of internet usage in developing countries such as Iran. 'Supplementary' and 'Other' media were the two lowest ranked sources of CSR information, with scores of 41.9% and 31.2%, respectively (means of 2.71 and 2.66/5, respectively). Respondents had the opportunity to select and rank other information sources which were not listed in the questionnaire. Various items were listed by respondents, including product labels and packaging, exhibitions, public announcements, brochures and word-of-mouth.

Separate Kruskal-Wallis tests were carried out for each of the sources of CSR information to discover whether there were differences between the respondent groups regarding their preferred sources of information. The following null-hypothesis was tested:

H2: There is no difference in ranking of the sources of CSR information read/seen among respondent groups.

The Kruskal-Wallis tests' results showed statistically significant differences at the 1% level for the annual reports, advertisements or media releases and company web-site media, and at the 5% level for the 'Other' media. The null-hypothesis that there is a homogeneous ranking of CSR information media was rejected across all media except for the 'supplements' to annual reports.

Table 2. The ranking of the sources of CSR information read/seen by the respondent groups

User groups	Annual reports			Sup. to annual reports			Adv. & media releases			Company web-site			Other		
	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD
Auditors	4.71	5.0	0.754	3.04	3.0	1.060	3.96	4.0	0.740	3.76	4.0	0.830	3.24	4.0	1.221
Academics	4.88	5.0	0.391	2.80	3.0	1.031	3.49	4.0	0.756	3.05	3.0	0.947	3.00	3.0	1.414
Stockbrokers	4.83	5.0	0.456	2.48	2.0	1.349	3.28	3.0	0.670	3.40	3.0	0.931	2.21	2.0	1.036
Bankers	4.58	5.0	0.583	2.20	2.0	1.207	3.92	4.0	0.774	3.35	3.0	0.950	3.20	2.50	1.398
Investors	4.52	5.0	0.643	2.9	2.50	1.370	3.61	3.50	0.979	3.95	4.0	0.887	2.33	2.0	1.528
Business mgrs	4.79	5.0	0.415	32.88	3.0	1.258	4.00	4.0	0.791	3.91	4.0	0.610	2.43	2.0	1.512
Total	4.73	5.0	0.585	2.71	3.0	1.207	3.66	4.0	0.802	3.51	4.0	0.926	2.66	2.0	1.276
*N		276			129			232			225			98	

Notes: A number of respondents did not provide information for all parts of this question, consequently total of respondent numbers differs. M1 = Mean, M2 = Median, STD = Standard deviation.

3.3. Expected information. Respondents were asked whether they expected any particular CSR information, and if so, what type of information they expected, and to rank the preferences in order of importance from one (least important) to five (most important). Overall 70.2% of respondents expected CSR information. While such a result in isolation can be seen as a relatively strong demand for CSR information, it cannot be interpreted conclusively due to the lack of empirical benchmarks. When

further analysis was performed to determine whether the expectation of CSR information was independent of respondent category, dependence was observed (Chi-square = 43.729, DF = 5, $p = 0.000$).

The statistical analysis results of ranking the expected information themes comprising CSR reporting (human resources, environmental performance and policies, community activities, energy consumption, and customer satisfaction and product quality) are presented in Table 3.

Table 3. Ranking of CSR information themes asked/expected by the respondents

User groups	Human resources			Environmental performance and policies			Community activities			Energy consumption			Customer satisfaction and product quality		
	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD
Auditors	4.10	4.0	0.852	3.95	4.0	1.007	2.8	2.0	1.231	2.39	3.0	1.358	3.09	3.0	1.519
Academics	4.40	5.0	0.720	4.15	4.0	0.727	2.74	2.0	1.094	1.81	1.0	1.001	2.70	3.0	1.334
Stockbrokers	3.78	4.0	0.854	4.15	4.0	.842	2.38	2.0	0.359	2.04	2.0	0.693	3.33	4.0	1.610
Bankers	4.16	4.0	1.015	4.05	4.0	.887	2.86	3.0	0.949	2.31	2.0	1.302	2.35	2.0	1.348
Investors	2.92	3.0	1.018	4.61	5.0	0.499	3.00	2.50	1.414	4.00	4.0	0.00	3.64	3.0	1.002
Business mgrs	4.56	5.0	0.784	4	4.0	0.555	2.55	3.0	1.508	2.84	2.0	1.167	2.84	3.0	1.425
Total	4.01	4.0	0.967	4.12	4.0	0.842	2.69	2.0	1.219	2.39	2.0	1.219	3.02	3.0	1.461
*N		201			201			130			147			217	

Notes: A number of respondents did not provide information for all parts of this question, consequently total of respondent numbers differs. M1 = Mean, M2 = Median, STD = Standard deviation.

The environmental performance and policies theme was ranked as the most important by 87.8% of respondents (mean of 4.12/5). This outcome indicates the strength of demand for this type of CSR disclosure by Iranian users, and is consistent with other studies (Tilt, 1994; Deegan & Rankin, 1997, 1999). Yafthian et al.'s (2012) finding, that actual disclosure of this type of information is provided by only 26% of companies, highlights the large gap between users' demands and the corporate supply of information about environmental performance and policies.

Human resources information was ranked as the second most important theme about which Iranian users expected information (87.8%; mean of 4.01/5). This outcome supports the evidence in a number of studies in this field of the relatively high demand for this type of information (see, for example, Belal, 2001; Gray et al., 1995; Ratanajoinkol et al., 2006). Although various explanations linked to corporate legitimacy have been used for the rationale behind such demand for disclosure of this type of information, the literature does not provide a conclusive explanation. However, it has been suggested that the reporting organization might be consciously or unconsciously developing a series of subsystems of social disclosures to match the perceived importance of constituents and their relationships (Guthrie & Parker, 1990).

Customer satisfaction and product quality was the third most important CSR information theme expected by users, and is consistent with actual practice, as revealed by Yafthian et al. (2012). The community activities and energy consumption issues were ranked lowest by the respondents (56.8% and 64.2%, respectively) with means of 2.69 and 2.39/5, respectively, and again, are consistent with the findings of Yafthian et al. (2012).

Separate Kruskal-Wallis tests were carried out to discover differences or homogeneity of respondent groups in terms of CSR themes through testing the following null-hypothesis:

H3: There is no difference among the respondent groups in regard to different disclosure categories of CSR.

The test results showed statistically significant differences at the 1% level among respondent groups about human resources and energy consumption; at the 5% level for customer satisfaction and product quality; and at the 10% level for environmental performance and policies. The tests did not reject the null-hypothesis about the community activities theme.

3.4. Understanding, credibility and sufficiency of CSR information. Respondents' views were sought about the understandability, credibility and overall insufficiency of CSR information. The

results indicate that users consider the amount of CSR information to be insufficient (59.4%). This perception of insufficiency of CSR disclosure is consistent with Tilt's (1994) study, which had earlier found that CSR information reported by companies is insufficient.

Further Kruskal-Wallis tests were performed to determine whether the perception of insufficiency was independent of respondent category. The following null-hypothesis was used:

H4: There is no difference among the respondent

groups in regard to the insufficiency of CSR information.

This proposition was rejected (Chi-square = 41.220, DF = 5, $p = 0.000$). The respondents were asked to rank their perceptions using a five-point Likert scale. Any score above three was construed to be easy to understand, highly credible and extremely insufficient, whereas, any score below three was regarded as difficult to understand, less credible and insufficient. The mean and median ranks given for each of these areas are summarized in Table 4.

Table 4. Understanding, credibility and sufficiency of CSR by user groups: mean (Std. deviation) and median of responses

Disclosure theme	Auditors	Academics	Stockbrokers	Bankers	Institutional investors	Business managers	Total	*N
Understandability								
Human resources	3.59 (1.203) 4.00	4.17 (0.803) 4.00	3.76 (0.831) 4.00	3.48 (0.960) 3.00	3.97 (0.981) 4.00	4.06 (0.716) 4.00	3.80 (0.959) 4.00	267
Environmental performance and policies	3.26 (0.966) 3.00	3.86 (0.640) 4.00	3.14 (0.814) 3.00	3.26 (0.444) 3.00	3.48 (0.509)- 3.00	3.78 (0.832) 4.00	3.38 (0.783) 3.00	240
Community activities	3.84 (0.886) 4.00	4.44 (0.511) 4.00	3.57 (0.722) 3.00	3.95 (1.214) 5.00	3.93 (0.998) 3.00	3.91 (1.058) 4.00	3.85 (0.925) 4.00	199
Energy consumption	3.26 (1.238) 3.00	2.89 (0.782) 3.00	3.38 (0.493) 3.00	2.73 (0.703) 3.00	3.29 (0.588) 3.00	3.55 (0.999) 4.00	3.23 (0.894) 3.00	136
Customer satisfaction and product quality	3.28 (1.082) 3.00	3.85 (0.823) 4.00	3.41 (0.868) 3.00	3.20 (0.548) 3.00	2.97 (1.017) 2.00	3.88 (1.129) 4.00	3.42 (0.957) 3.00	272
Credibility								
Human resources	3.24 (0.892) 3.00	3.27 (0.452) 3.00	3.41 (0.738) 3.00	3.78 (1.006) 4.00	3.52 (0.509) 4.00	3.32 (0.843) 3.00	3.44 (0.806) 3.00	264
Environmental performance and policies	2.98 (0.800) 3.00	3.00 (0.000) 3.00	3.21 (0.484) 3.00	2.71 (0.457) 3.00	3.14 (0.581) 3.00	3.47 (0.950) 3.50	3.07 (0.654) 3.00	237
Community activities	3.11 (0.875) 3.00	3.00 (0.000) 3.00	3.18 (0.386) 3.00	2.83 (0.381) 3.00	3.03 (0.186) 3.00	2.68 (0.976) 3.00	2.99 (0.628) 3.00	181
Energy consumption	2.91 (1.026) 4.00	2.89 (0.333) 3.00	3.21 (0.914) 3.00	3.05 (0.486) 3.00	2.94 (0.429) 3.00	3.20 (0.894) 3.00	3.05 (0.810) 3.00	136
Customer satisfaction and product quality	3.54 (0.936) 3.50	3.49 (1.207) 4.00	3.24 (0.649) 3.00	2.81 (0.487) 3.00	2.59 (0.568) 3.00	2.97 (1.337) 3.00	3.14 (0.934) 3.00	270
Sufficiency								
Overall	3.25 (1.348) 3.00	3.49 (1.009) 4.00	2.48 (1.082) 3.00	2.63 (1.079) 3.00	2.07 (0.961) 2	3.06 (1.063) 3.00	3.01 (1.221) 3.00	184

Notes: A number of respondents provides information for part of these questions, consequently the total of respondent numbers differs.

As can be seen in Table 4, overall, the community activities theme was perceived as the easiest theme to understand: it also received the lowest credibility scores with a mean of 2.99/5. The human resources theme was perceived as the most credible. Within groups, comparisons show that academics ranked the community activities theme as the easiest type of CSR information to understand (mean of 4.44/5), while the business manager group ranked the credibility of this theme lowest (mean of 2.68/5). Regarding the credibility ranking, the group comparisons showed stockbrokers gave the highest ranking to human resources and the lowest

ranking to customer satisfaction and product quality themes. Academics, auditors, and business managers regarded the level of CSR information as extremely insufficient (3.49, 3.25 and 3.06, respectively) and bankers, stockbrokers, and investors also ranked it as insufficient (2.63, 2.48 and 2.07, respectively) where 1 = insufficient, 5 = extremely insufficient.

3.5. Users' preferred CSR sources. The respondents were asked where CSR information should be disclosed and to rank their preferred sources. The results are shown in Table 5.

Table 5. The ranking of CSR information disclosure media

User groups	Annual reports			Sup. to annual reports			Adv. & media releases			Company web-site			Other		
	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD	M1	M2	STD
Auditors	4.51	5.0	0.878	2.37	2.0	1.215	3.77	4.0	0.780	3.97	4.0	0.847	2.44	2.0	1.29
Academics	4.57	5.0	0.688	2.29	2.0	1.060	3.57	4.0	0.703	3.52	3.0	1.130	1.92	2.0	0.997
Stockbrokers	4.69	5.0	0.633	1.89	2.0	1.060	3.32	3.0	0.683	3.54	4.0	1.005	2.00	2.0	0.863
Bankers	4.21	4.0	0.948	1.93	2.0	0.979	3.87	4.0	0.991	3.38	3.0	1.004	3.18	3.0	1.185
Investors	4.46	5.0	0.81	3.08	3.0	1.379	3.61	3.5	0.979	3.90	4.0	0.852	2.33	2.0	1.033
Business mgrs	4.81	5.0	0.396	2.94	3.0	1.197	3.71	4.0	0.985	3.92	4.0	0.572	2.12	1.5	1.356
Total	4.53	5.0	0.790	2.28	2.0	1.170	3.62	4.0	0.837	3.68	4.0	0.967	2.27	2.0	1.138
*N		301			164			255			263			132	

Notes. A number of respondents did not provide information for all parts of this question, consequently, the total of respondent numbers differs. M1 = Mean, M2 = Median, STD = Standard deviation.

Annual reports were by far the most favored source nominated by 90% of the respondents (mean of 4.53/5). The company web-site was the second most popular source for the disclosure of CSR information, while advertisements or media releases was ranked as the third preference, and annual report supplements and 'Other' media were the lowest ranked sources. Separate Kruskal-Wallis tests were carried out for each of the sources to discover differences or homogeneity of user groups' preferences through testing the following null-hypothesis:

H5: There is no difference in ranking of the CSR information sources among user groups.

The Kruskal-Wallis tests' results showed statistically significant differences at the 1% level for all sources. Therefore, the null-hypothesis that there are homogeneous rankings across all respondent groups of CSR information sources is rejected across all outlets except in regard to supplements to annual reports.

3.6. Mandatory status of CSR disclosure and importance of regulation. Respondents' views towards establishing the mandatory status of CSR disclosure was sought, with 88.8% of respondents agreeing that mandatory standards or legislation are necessary. A Kruskal-Wallis test was performed to determine whether there was a significant difference in opinion among the various user groups regarding the mandatory status of CSR regulation, through testing the following null-hypothesis:

H6: There is no difference among the groups of users about mandatory status of CSR.

The results show a statistically significant difference at the 1% level among user groups about the mandatory status of CSR disclosure (Chi-square = 34.795, DF = 5, $p = 0.000$).

The respondents were asked their views about the importance of the seat of authority for disclosure

regulation. A summary of their responses is provided in Table 6. When given two options for the source of reporting regulation – promulgated by government or by professional bodies – the respondents considered the more important provider to be the government (mean of 4.35, compared with a mean of 3.74 for professional bodies). This is consistent with Deegan and Rankin's (1997) findings which also observed that, overall, government regulation is preferable to regulation by the accounting profession. A possible reason for this finding is that the government has enforcement power supporting its guidelines and policies whereas professional bodies do not automatically have such authority. Within respondent groups, tests show that government is the preferred source of authority by all groups except business managers. Separate Kruskal-Wallis tests were carried out for both providers of regulation to determine whether there was homogeneity between user groups. The following null-hypothesis was used:

H7: There is no difference between user groups on the importance placed on provider of CSR regulation.

The results of the Kruskal-Wallis test indicate a statistically significant difference at the 1% level among user groups for professional bodies (Chi-square = 48.564, DF = 5, and $p = 0.000$), and for government (Chi-square = 21.223, DF = 5, and $p = 0.001$). Therefore, the null-hypothesis is rejected.

Conclusions and implications

This paper provides new empirical evidence regarding the CSR information needs, perceptions and preferences of users in a developing country, Iran. The results of the study show that corporate annual reports are the favored source of CSR information. While users regard CSR information as understandable and credible, they view the overall level of CSR disclosure as insufficient.

The results also indicate that users have a strong preference for mandatory CSR disclosure, and for government to be the source of authority of the guidelines and regulation. Prior studies have shown that CSR disclosure is very limited in developing countries, and Yaftian et al. (2012) show that Iran is no exception, thus, an implication arising from this paper is that the extent of CSR disclosure may be considerably improved by mandating the reporting of this type of information.

The research also has implications for corporate regulators who can use the findings in the development of new standards of practice, and for the major stakeholders addressed in this study (auditors, academics, bankers, business managers, investors and stockbrokers) who interpret and use the information.

Corporate reporting is an evolutionary process, reacting to business needs and social demands as well as setting the benchmarks for acceptable and, at times, exemplary corporate reporting performance. The needs and perceptions of stakeholder groups that

have been presented in this paper provide a benchmark to guide future advances and improvements in corporate social responsibility reporting in developing countries.

Limitations and further research

As can be realized in the research method section, the selected stakeholder groups list did not include individual investors or shareholders due to unavailability of personal information (name & address). The absence of this stakeholder group from the sample was a limitation in analyzing major stakeholder groups' CSR information needs and perceptions. Inclusion of this particular stakeholder group in a similar survey could provide further useful information.

Potential research questions arising from this study include whether these results apply to other developing countries particularly in the Middle East region. A cross-countries investigation of this type would also add to the literature about international harmonization of CSR reporting.

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Appendix

Table 6. Respondents' opinion in relation to the proposition of guidelines/standards' providers (rank)

User groups	Professional bodies Mean, median, STD (rank)			Government Mean, median, STD (rank)		
	Mean	Median	STD	Mean	Median	STD
Auditors	4.03 (3)	4.00	0.913	4.19 (4)	4.00	0.925
Academics	4.32 (2)	5.00	1.006	4.75 (1)	5.00	0.670
Stockbrokers	3.41 (5)	3.00	1.627	4.18 (5)	5.00	1.212
Bankers	3.58 (4)	4.50	1.613	4.53 (3)	5.00	0.909
Investors	2.28 (6)	3.00	1.066	4.59 (2)	5.00	0.682
Business managers	4.48 (1)	5.00	0.665	3.95 (6)	5.00	1.026
Total	3.74	4.00	1.359	4.35	5.00	0.961
N	285			265		

Notes: 1 = unimportant, and 5 = highly important.