The Social Role of Accounting: Views and Perceptions of the Accounting Community in Libya towards Corporate Social Responsibility and Accountability

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Abstract

The paper explores views and perceptions amongst members of the accounting community in Libya regarding the perceived basic features of the current corporate reporting and disclosure practices of the Libyan Business Organisations (LBOs). Extending these practices to embrace reporting and disclosure of social and environmental related information (CSR), and the extent to which notions of corporate social responsibility and accountability are acceptable in Libya are examined.

Five groups of users of published accounts in Libya participated in the study, including academic accountants, financial managers (or accountants), government officials, bank credit officers and external auditors. A questionnaire survey of the 438 participants, drawing on the Al-khater and Naser (2003) study, was employed as the main data collection method.

The findings demonstrate that currently most LBOs communicate limited information to a limited set of stakeholders. The disclosure of more social and environmental information was widely accepted and viewed as potentially leading to some beneficial socio-economic effects at the macro level. There was general agreement that the LBOs' annual reports should reflect the interaction between their operations and the society in which they operate, recognizing the right of different stakeholders to information about the actions for which LBOs could be held responsible. The Law was viewed as the key source of establishing such responsibilities rather than professional guidelines.

Introduction

Libya is a developing country which has experienced dynamic changes over a short period of time. Libya is a key producer of high quality and low sulphur oil and gas, and is strategically well placed to take advantage of the Mediterranean and European markets. It is a member of the Organization for Petroleum Exporting Countries (OPEC), and is the world's eleventh largest oil producer (World Markets Research Centre, 2002; Terterov, 2002). This indicates that this country possesses a significant world economic standing.

Libya has a unique economic and political system. It is different from those classified as classical or bourgeois political and economic systems. Its system is based on what is called 'the Third Universal Theory' (TUT) which is based on the 'Green Book'. The originator of this theory (i.e. Muammar Al Qathafi) asserts that all previous theories tackled the economic problem either from the angle of ownership of any of the elements of production, or from that of wages for production. Endeavours to resolve the problem of production failed due to the fact that they are based on 'a wage system'. This system deprives workers of any right to the products being produced, whether a society or a private establishment.

During the past two decades Libya was a pariah, denied international investment and with development almost totally frozen. However, hardly a day passes now without a foreign company opening an office in Libyan capital (Tripoli). "The city is coming in from the cold and Libya, a country endowed with Africa's largest reserves of oil, is about to make its mark on the regional and global economy" (Knipe and Venditti, 2005, p.2). Private sector enterprises started to emerge, and the state socialism which had been adopted were to be abandoned in favour of private organisations (Knipe and Venditti, 2005).

The rapid collapse of cross-border economic barriers and the globalization of business means that the role of CSR is being debated in an international arena (Smith et al., 2005). The focus of this paper is to explore (in a socialist environment), views and perceptions amongst members of the accounting community in Libya regarding the perceived basic features of the current corporate reporting and disclosure practices of the LBOs, the viability of extending this practice to embrace reporting and disclosing social and environmental related information (CSR), and the extent to which notions of corporate social responsibility and accountability are acceptable in Libya.

Accounting Environment in Libya

In Libya, accounting practice is influenced by three key sources of impact namely (Bait El-Mal et al, 1973, Saleh, 2001; and Mahmud and Russell, 2003): (a) statutory requirements (i.e. governmental laws and regulations) that control business in this particular country; (b) The impact of accounting technology and know-how imported from other countries (particularly from the UK and the US) through publications and the experience of qualified personnel and companies; and (3) influence of accounting education and the contribution of academics and practitioners in the accounting field.

In Libya, as in several of its counterparts in the rest of the world, a number of laws have been issued and promulgated to regulate accounting practice. Financial markets (i.e. stock exchange) are conspicuous by their absence in Libya. Therefore, the major influence on accounting and disclosure practice has primarily been placed by several related laws (e.g. Kilani, 1988)

Accounting technology and know-how imported from other countries has also a major impact on the accounting practice in Libya. In this respect Saleh (2001) stated that British and American accounting practices, transferred to Libya through oil companies, have affected the country's accounting practice in oil companies. This, in turn, has also influenced other business enterprises (non-oil companies) as employees move in and out of the oil sector.

Education has been recognised as a key element in political and socioeconomic development. Universities in Libya played a major role in constructing and developing the accounting practices in the country. Academics in the accounting field have played a paramount role in influencing education and accounting practices (Mahmud and Russell (2003).

In their study of the development of accounting education and practice in Libya Mahmud and Russell (2003) identified several factors as the main impediments to the development of accounting education and practice in the Libyan context. These, inter alia, include: (a) the outmoded accounting curricula and syllabuses; (b) the scarcity of modern textbooks and references in Arabic; (c) a lack of active professional societies; and (d) insufficient public knowledge of the role of accounting. Mahmud and Russell (2003) concluded that Libya needs to strategically plan in order to modify and modernise both its accounting education and practice.

Company disclosure practices, within the Libyan context, are limited and directed to particular stakeholders, which includes the company's Administration Board and the General Assembly, the central authorities (such as the Secretary of Industry, the Secretary of Finance, the Secretary of Economy, the Central Bank of Libya and the watchdog bodies (including the Tax Office and the Public Control Office). Private sector shareholders are also amongst those stakeholders if the business enterprise is owned by private sector shareholders or if there is joint ownership between government and the private sector shareholders. Accounts are provided to those who have the statutory power to hold the company to account. The general public is therefore entirely neglected. This is due in part to the fact that the company's shares were not traded on and to the absence of a stock exchange market. The emphasis is more on commercial information (i.e. selling prices) rather than financial information. The nature of the economic system applied in Libya explained in part companies' disclosure practices. Since most Libyan companies are either fully or partially state owned companies, maximising their market value was not considered as the companies' main objective. The information that companies provide is about, inter alia, production, sales, expenses, and employees (Saleh, 2001).

CSR and accountability

Guthrie and Mathews (1985, p.78) define CSR as “the provision of financial and non-financial information relating to an organization’s interaction with its physical and social environment.” Radebauh and Gray (2002, p. 119) emphasise that CSR refers to “accountability to society as a whole with respect to matters of public interest such as community welfare, public safety, and the environment” CSR information, in broad terms, comprises the organization’s relationships with its stakeholders (i.e. shareholders, employees, creditors, customers, suppliers, government and the community). More precisely, CSR information might include (e.g. Ng, 1985; Epstein and Freedman, 1994; Gray et al.,1995b; Hackston and Milne, 1996; Williams and Pei, 1999; Deegan, 2002) environment and energy related disclosure; community involvement related disclosure; work place (i.e. human resources) related information; product and consumer relations. It might also include doing business with repressive regimes (Freedman and Wasley, 1983; Rockness and Williams, 1988). The CSR issue has become an essential aspect of business in society (e.g. Deegan and Gordon, 1996; Gray et al., 1996; Gray et al., 1997; Brown and Deegan, 1998; Hooghiemstra, 2000). There is a growing recognition within the business community of the significance key stakeholders attach to socially, environmentally and ethically responsible behaviour by business enterprises (Zadek et al, 1997). As business organizations increasingly recognise the broad duties of accountability implied by their stakeholders’ non-financial expectations, the role of CSR takes on increasing importance as a means through which such duties of accountability may be discharged (Gray et al., 1996). In addition to the discharge of accountability to investors, CSR also plays a significant role in different aspects. It has been asserted (e.g. Gray et al. 1988; Gray et al. 1995a; Patten, 1990; Owen, et al., 1997; O'Dwyer and Gray, 1998; Alnajjar, 2000; Gray and Bebbington 2001; Friedman and Miles, 2001; O'Dwyer, 2004) that formal CSR processes should enhance corporate transparency, develop corporate image and provide useful information for investment decision making. CSR can, contribute a positive impact to share prices and staving off potential regulatory pressure to be more socially responsible. Business enterprises may also use CSR to manage their stakeholders in order to have their support and approval through the creation of environmental reputation (e.g. Toms, 2002).

Gray at al. (2001) suggests CSR has been the interest of substantial academic studies for more than 30 years. Increasingly the business community, the media, and academia are paying more attention to CSR issues. This increase in attention is demonstrated by the number of academic researchers entering the area, and by the increased focus being applied by governments, professional accounting bodies, industry bodies and business enterprises to various related issues. The CSR literature, however, is dominated by empirical studies in the industrialised countries of Western Europe, the USA and Australia. Though some improvements have been made (Tsang, 1998), CSR is at its primitive stage in most developing countries DCs (Abu-baker and Naser, 2000; Jahamani, 2003). Very few studies are available on the CSR practices in the developing nations. Most of these studies were undertaken in the context of newly industrialised countries such as Malaysia, Singapore and some African countries such as South Africa, Nigeria and Uganda (Tsang, 1998; Belal, 2001). Within the Arab world context, in which Libya constitutes an important part, there is still a paucity of empirical studies on CSR practices (e.g. Abu-baker and Naser, 2000; Jahamani, 2003; Al-khater and Naser, 2003).

Gray et al (1996) view CSR as a means by which an organization can discharge what they view as its social accountability. Accountability is an ideological framework that Gray et al (1987) believe to be most useful for analysing accounting information transmission in general and social disclosure in particular. The term accountability has been defined as "the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible" (Gray et al, 1996, p. 38). Corporate accountability has also been recently defined by Crane and Matten (2004, p.55) as referring "to whether a corporation is answerable in some way for the consequences of its actions."

Clarke (1998) emphasises that the spirit of enterprise must work within a sound framework of accountability, and the balance between them is critical. In this context (Charkham, 1998) (See also Spira, 2001) argues that good governance means a proper balance between enterprise and accountability. It is proposed that inclusion of CSR information into the corporate reporting and disclosure practices would necessitate a broad accountability framework to structure this wider form of disclosure, including:

i. Recognition that accountability is a social concept and not limited to economic issues, (e.g. Ijiri, 1983; Tricker, 1983; Williams, 1987; Gray et al, 1988, 1991 and 1996; and Pallot, 1991). This broader concept of accountability allows for the needs and interests of society at large (i.e. all stakeholders) to be considered and therefore more socially-oriented information could be expected to be disseminated by the business organisation.
ii. Accountability is predicated in the right-to-know (Ijiri, 1983; Gray et 1991; and Gray, 1992), based on the principle "show me", rather than just "trust me" (Zairi and Peters, 2002). Accountability therefore can be seen as a key driver for engaging the wider community as an important stakeholder in business activity.
iii. Communicating information only to particular users, and not to the general public, jeopardised the fairness concept of disclosure. Since the purpose of any accounting system is to present a fair system of information this concept is concomitant with the public interest and an ethical basis to accounting (Pallot, 1991; Williams, 1987).
iv. Within the Libyan context, the TUT divides people into Basic Popular Conferences (BPC). Each BPC chooses its secretariat who together form the Non-BPC. Subsequently, the members of the BPC select administrative People's Committees (PC) to replace government administration. All public institutions are run by a PC which will be accountable to the BPC which dictates the policy and supervises its execution. Thus, both the administration and the supervision become the people's (Al-Qaddafi, 1987). It seems, therefore that the basic elements of accountability are consistent with the concepts implied by the TUT. This approach therefore can be perceived as a non-radical, evolutionary notion, based upon the existing status quo (Gray et al, 1991), and as a result, might be accepted by Society at large (Gray et al, 1988).
v. A greater flow of information can be assured within the accountability framework. This would be relevant to the debates on issues affecting a country's social and economic development process. The Community and the Public seek greater accountability to ensure that organisations are discharging their responsibilities. It has been asserted

(Samuels 1990) that accountability gains more validity for DCs, over developed countries, due to the many imperfections that exist in the marketplace of DCs.

vi. Accountability can be shown to be a reflection of, and a necessary condition for, the operation of all forms of democracy (Gray et al, 1996) (see also Burchell et al, 1982). In a similar vein, Beckett and Jonker (2002, p. 36) state that "accountability, the principle of owing accounts to those with legitimate interest, is solidly founded in democracy – accountability is a necessary condition of democracy". Beckett and Jonker (2002) add that accountability is also the principle on which financial and other forms of accounting, auditing and reporting are based.

Therefore, whether in the marketplace or for administrative purposes greater information is necessary in the DCs to make decisions. Authorities in DCs, like Libya, need to address the measurement processes, as well as the disclosure techniques currently in use, to ensure a greater level of accountability (Samuels, 1990). The accountability framework is a universal approach that can be applied equally in developed or developing countries. If used in Libya it would afford an opportunity to ensure legitimate and justified corporate reporting and disclosure practices.

Research Methodology and Methods

The present research explores views and perceptions amongst members of the accounting community (accounting information users) in Libya regarding the following issues:

- The main features of the current corporate reporting and disclosure practice in Libya in terms of the intended purposes for the preparation of the annual reports (ARs) by Libyan organizations.
- The possibility of wider disclosure in terms of CSR, potentially generating some beneficial socioeconomic effects, with a consequence that legal requirements calling for wider disclosure might be implemented.
- The acceptability of corporate social responsibility and accountability in the Libyan environment.

The empirical work conducted and reported here was primarily exploratory. Five user groups of published accounts in Libya participated in the study, including academic accountants, financial managers (or accountants), government officials, bank credit officers, and external auditors. The population frame for this questionnaire survey embraces those who are thought to possess familiarity with accounting education and practice and the economic development of the Libyan organizations' activities. This includes those who might have the professional and technical ability in the accounting field; who are expected to be involved one way or another in corporate reporting and disclosure practices in Libya; and who might assist in change. Such groups have been surveyed in previous studies relating to accounting and corporate reporting and disclosure practices (e.g. Wallace, 1988; Novin and Baker, 1990; Akathapom et al., 1993; Ngangan, 1997; Al-Khater and Naser, 2003; and; and Mahmud and Russell (2003)).

A personally administered questionnaire survey of the 438 participants (see Table 1), drawing on Al-khater and Naser (2003), was employed as the main data collection method.

Table 1: Response Rate

User Groups	Distributed Questionnaires	Received Questionnaires	Excluded Questionnaires	Usable Questionnaires	Response Rate (%)
Academics	91	79	-	79	86.8
Accountants (preparers of financial reports)	208	134	13	121	58.2
Governmental Officials	126	113	9	104	82.5
Bank Credit Officers	104	62	7	55	53
External Auditors	174	81	2	79	45.4
Total	703	469	31	438	62.3

Employing a personally administered questionnaire rather than mailing the questionnaire was designed to improve the response rate and enhance the completeness of the returned questionnaires.

The three main elements in the questionnaire were:

1. The participants' profile (e.g. levels of education, years of experience)
2. Perceptions regarding the basic features of the current corporate reporting and disclosure practices of LBOs.
3. Perceptions regarding the possibility of wider disclosure in terms of CSR, and the acceptability of corporate social responsibility and accountability in the Libyan environment.

The Kruskal-Wallis One-way Analysis of Variance Test was used as the sample was taken from a number of user groups and the measurements are ordinal over all the sample groups (Berenson and Levine, 1999).

The test therefore is used to identify whether the average perception of the investigated variables used in the survey is identical for all target groups. This nonparametric test was employed to test the validity of the following null hypothesis:

H_0: The average perceptions (of the issue or variable under investigation) are identical for all groups involved in the survey (i.e. Academics, Financial Mangers (or Accountants), Governmental Officials, Bank Credit Officers, and External Auditors).

Findings

Respondents' Profile

More than a half of the study participants (53 per cent) indicated that they hold a Bachelor Degree. An important percentage of the study participants (30.8) hold a Masters Degree whereas only 6.6 per cent revealed that they hold a higher diploma. 5.5 per cent hold a PhD and participants who hold Intermediate Diploma, Secondary School and those who are less than secondary school represent merely 3.4, 0.5 and 0.2 per cent respectively. The finding suggests that the majority of respondents (74 per cent) had more than five years experience with 45 per cent having an experience exceeding ten years. With regard to the countries from which they received their academic degrees, the finding revealed that the vast majority (about 79 per cent) of the respondents obtained their higher degrees from Libya whereas 7.8 per cent obtained their degrees from other Arab Countries such as Egypt and Jordan, 5.7 per cent fro m the U.S. and 4.8 per cent from the UK. Only 3 per cent of the study participants revealed that they obtained their degrees from other countries. These countries include Malaysia, Poland, Hungary and Greece. The results also show that a total of about 43 per cent of the study participants have professional qualifications (such as ACCA, AICPA, ASCA and LAAA[1]).

The main purpose(s) of corporate disclosure

The study participants were given a list of possible purposes of corporate disclosure, which were constructed and introduced within three major objectives for corporate ARs. These objectives include stewardship, decision usefulness and accountability. Respondents were asked to identify the importance (on a five-point scale where 5 represents most important or the highest level of agreement) that they attach to each of these purposes presented in the list. A summary of the responses of the study participants is depicted in table (2). As can be seen from Table 2, it is evident that the respondents attached the highest importance to the proposal that the main purpose of corporate disclosure is to provide information to Financial Organisations (P6). This is reflected by the reported mean score associated to each particular purpose. That is, the provision of information to financial organisations to assist them to negotiate financial facilities consistently received a high ranking. One can therefore conclude that this topic was considered by the study participants as being of high importance to Libyan companies.

Table 2: The importance that the target groups attach to the purpose(s) of corporate reporting

Purpose: *Provide information to:*	**Kruskal-Wallis Test**				
	Mean score	Rank	χ^2	Level of Significance	Result
Owners on the use of their funds and the legality of the uses. (P1)	3.70	4	3.143	.534	Not significant
Investors to assist them in making investment decisions. (P2)	3.68	5	5.261	.262	Not significant
Creditors to assists them in protecting their interests. (P3)	3.10	6	4.938	.294	Not significant
Managers to help them in managing their business. (P4)	3.87	2	10.642	.031	Significant*
Employees to assist them to protect their interests. (P5)	2.81	8	6.259	.181	Not significant
Financial Organisations to assist them to negotiate financial facilities. (P6)	4.07	1	2.760	.599	Not significant
Tax Authorities to be used as a basis to assess taxation. (P7)	3.77	3	7.186	.126	Not significant
Society at large to be used to judge the organization's actions and policies. (P8)	2.46	7	10.386	.034	Significant

* Note: A significance level of 0.05 (i.e. 95% level of confidence) has been chosen to test the null hypotheses. Silver, (1997, p. 186) state that "In general, in the social science we use a 95 per cent level of confidence as an arbitrarily acceptable standard." When the obtained value of the Kruskal-Wallis One-way Analysis of Variance is significant (i.e. when the level of significance is equal or lower than the critical value '0.05', it indicates that at least one of the groups is different from at least one of the others. In this case the null hypothesis will be rejected.

This conclusion was expected since it is not possible for a business organization that seeks financial funds (particularly loans) to receive these funds unless providing financial information (financial statements), attested by an external auditor, to the providers (financial institutions).

The idea that financial information assists in the negotiation of financial facilities was expected to be supported by all the groups. This is expressed in the following hypothesis:

H_0: There is no differences in the mean rating for (P6) between all groups involved in the survey (Academics, Financial managers (or Accountants), Governmental officials, Bank credit officers, External auditors).

This general agreement amongst all groups of participants is supported by the results of Kruskal-Wallis test shown in Table 2. The results are not significant at the 0.05 level

[1] LAAA = Libyan Accountants and Auditors Association

suggesting that there is no difference between median ratings of the five groups that participated in the study.

The provision of information to managers (P4) also received a high score (3.87). One can therefore conclude that this topic was also considered by the study participants as being of high importance to Libyan companies. However, according to the Kruskal-Wallis test, there is a significant difference in the average perceptions amongst the groups involved in the survey at the 5 percent level of significance towards the purposes of the provision of information to managers. That is, the result of the Kruskal-Wallis test is in favour of the alternative hypothesis:

H_1: The average perceptions on (P4) are not identical for all target groups.

The differences of average perceptions regarding the importance of the provision of information (disseminated in the companies' ARs) for managers has probably arisen because some participants, such as financial managers and external auditors (as they are in charge for preparing the ARs) might be aware of the absence of effective separate systems in most Libyan companies that are able to provide management information. The ARs as a result can be seen as of a very important means of communication to managers. Other participants, such as Academics, Government Officials and Bank credit officers may have thought that most companies have a variety of internal communication media that can be used for assisting the decision process. That is, companies might have extensive management information systems. Therefore, ARs (in spite of the fact that they have their vital importance) can be perceived as normally an inappropriate means for management purposes.

The provision of information to Tax Authorities (P7) also received a high ranking (3.77). That means that this purpose was considered by the study participants as being of a high importance. According to the results of the Kruskal-Wallis test (see Table 2) there is a general agreement amongst the groups involved in this study in terms of the level of importance they assign to the purposes of the provision of information to the tax authorities. Therefore, the results of the Kruskal-Wallis test support acceptance of the null hypothesis:

H_0: The average perceptions on (P7) are identical for all groups involved in the survey.

The agreement amongst the groups involved in this survey about the importance they attach concerning the purpose of the provision of information to the Tax Authorities was also logical and expected. This may be ascribed to the requirements of the Libyan

Commercial Code and Tax Legislation whereby all business enterprises operating in Libya (Libyan or international ones) are obliged to provide their ARs to the Tax authorities on a yearly basis.

It is also evident that the respondents attached a relatively high importance to the proposal that the main purpose of corporate disclosure is to provide information to Owners on the use of their funds and the legality of the uses (P1). This is reflected by the reported mean score associated to this particular purpose (see Table 2). It may be supposed that respondents interpreted this purpose as the 'stewardship' objective for corporate reporting. The results of the Kruskal-Wallis test represented by χ^2 and its significance points to insignificant differences in study participants' opinions with regard to the importance that they assign to the information presented to the owners. It can therefore be said that the accounting community represented by Accounting Academicians, Financial managers, Governmental officials, Bank credit officers and External Auditors consider owners as an important stakeholder. Thus, the results of the Kruskal-Wallis test support the acceptance of the null hypothesis:

H_0: The average perceptions of the stewardship objective of corporate disclosure in Libya are identical for all groups involved in the survey.

The same high ranking score (Table 2) was attached to the purpose of the provision of information to investors to assist with their investment decisions (P2). It is likely that the participants considered this aspect as a decision-usefulness objective for corporate disclosure. The results of the Kruskal-Wallis test also support the acceptance of the null hypothesis, which emphasise that there is no significant differences in the study participants' opinions with regard to the importance that they assign to the information presented to investors to assist them in making investment decisions.

Moreover, the provision of information to Creditors (P3) and Employees (P5) was perceived by the study participants as being of some importance to most Libyan companies.

Society at large was regarded by the study participants as being of less importance to most Libyan companies. The provision of information to this particular category received an average score lower than the mid-point on the scale. This audience may be viewed as having more indirect interests in the Libyan companies. However there were significant differences in the opinions concerning the importance assigned to the information presented to society at large.

In summary, the study participants perceived that most Libyan companies prepare their ARs for the purposes of communicating information to those parties and groups with purely financial interests and involvement in companies, and for stewardship and decision usefulness objectives. Most view these companies as paying no particular attention to the purposes of presenting information to the other audiences in the Libyan society.

The Wider Disclosure of CSR Information

Views concerning wider disclosure included: (a) particular information on the understanding that disseminating such information may have beneficial socio-economic effects; (b) the potential benefits that can be achieved from publishing social responsibility information; (c) the possible location of such information; (d) the possible methods that can be used; and (e) possible reasons that might prevent Libyan organizations from disseminating such information.

The Disclosure of CSR Information in Libya

The main themes were presented to the five groups surveyed, (Table 3) accompanied by some examples clarifying what might be included in each theme.

Table 3: Views on disseminating CSR information:

CSR items	**Kruskal-Wallis Test**				
	Mean score	Rank	χ^2	Level of Significance	**Result**
Work place/Employees related information (I1).	4.04	3	5.725	.221	Not significant
Environment related information (I2).	4.25	1	7.074	.132	Not significant
Energy related information (I3).	3.79	4	3.816	.431	Not significant
Products/Consumers related information (I4).	3.71	6	4.039	.401	Not significant
Community involvement related information (I5).	4.11	2	4.721	.317	Not significant
Value added statement (I6).	2.61	8	10.337	.035	Significant
Information about regional flows of the company's funds (I7).	3.21	6	7.354	.118	Not significant
Information about regional distribution of the firm's assets (I8).	3.27	7	5.763	.218	Not significant
Cash transactions in foreign currency (I9).	3.72	5	3.514	.476	Not significant

All five groups believe that the LBOs should be aware of their social responsibilities. Respondents agreed that the listed themes should constitute part of the ARs of these organizations and also displayed same perceptions towards the majority of the listed themes. The only exception being the proposition regarding the 'Value Added Statement (I6) on which there is a difference between the various groups surveyed. It would therefore be fair to accept the null hypothesis:

H_0: *The average perceptions towards* (I1, I2, I3, I4, I5, I7, I8, and I9) *are identical for all target groups*.

In summary, the participants are inclined to accept the view of the need for wider disclosure in terms of CSR information and that companies in Libya should take account of social and environmental issues wherever possible. This may be ascribed to their view that such disclosure is socially, ethically and morally desirable, reflecting Libya's moral culture. This contention was supported by the comments in the blank space provided in the questionnaire.

Potential Benefits of CSR Information

The responses to the potential benefits that can be obtained from disseminating social responsibility information (Table 4) indicate that developing human resources (B3) was considered the main beneficiary of CSR information. The results of the Kruskal-Wallis test also demonstrate that there is a general agreement. Respondents generally view the disclosure of social information is an overarching issue, hence helping to develop human resources, serve customers, encourage the investment environment and emphasize the role of accounting as an effective information system. This leads to the acceptance of the null hypothesis:

H_0: *The average perceptions towards* (B1, B3, B4, B5, and B6) *are identical for all target groups*.

Protecting the environment (B1) was the only benefit on which the participants' opinions were divided. This particular proposition also received the lowest mean-score, suggesting little support for the proposition that wider disclosure of CSR information in the ARs would protect the environment in Libya. This may be attributed to the belief that the environment and pollution are not issues of concern to various users of corporate reports in Libya since a considerable proportion of LBOs are classified under the service sector (i.e. .

respondents from the service sector may perceive little influence of CSR information on the environment, whilst those from manufacturing may see a major influence of the disclosure of CSR information on the environment).

Table 4: Potential Benefits of CSR Information

Benefits	Kruskal-Wallis Test				
	Mean score	Rank	χ^2	Level of Significance	**Result**
Serve society at large (B1)	4.26	2	5.831	.212	Not significant
Protect environment (B2)	3.56	6	12.461	.014	Significant
Develop human resources/employees (B3)	4.28	1	2.28	.684	Not significant
Serve customers (B4)	3.58	5	8.04	.09	Not significant
Emphasize the role of accounting as an effective information system (B5)	4.25	3	2.216	.696	Not significant
Enforce investment environment (B6)	3.81	4	1.971	.741	Not significant

Location of CSR Information

Possible locations to disclose corporate social responsibility information (Table 5) provides support for disseminating CSR information in a separate section entitled social responsibility within the AR (L1) as the most accepted location among the respondents.

Support was also given to the proposition suggesting the directors' statement within AR (L3) as another possible location for disclosing CSR information. This result isconsistent with the finding of Al-Khater and Naser (2003) who conducted their study on Qatar, an Arab country which might share many features with Libya.

H_0: The average perceptions on (*L1, L3 and L4*) are identical for all groups involved in the survey.

Table 5: Location of CSR Information

Location(s)	Kruskal-Wallis Test				
	Mean score	Rank	χ^2	Level of Significance	**Result**
In a separate section entitled 'Social responsibility' or the equivalent in AR (L1).	4.08	1	7.664	.105	Not significant
In any section within the AR (L2).	2.86	4	10.440	.034	Significant
In the directors' statement within AR (L3).	3.68	2	8.159	.086	Not significant
Separate booklet attached to the AR (L4).	3.13	3	8.454	.076	Not significant

Methods of Disseminating CSR Information

Participants revealed (Table 6) support for all methods although offering the strongest support to a combination of methods that include information of a descriptive, statistical and financial nature.

Table 6: Methods of Corporate Social Responsibility Disclosure

Method(s)	**Kruskal-Wallis Test**				
	Mean score	Rank	χ^2	Level of Significance	**Result**
In descriptive manner (declarative) (M1).	2.80	6	8.593	.072	Not significant
Quantified but non-monetary (statistical) (M2).	2.97	5	6.443	.168	Not significant
Monetary (M3).	3.54	3	1.135	.889	Not significant
Descriptive and statistical (M4).	3.34	4	8.997	.061	Not significant
Quantitative and monetary (M5)	3.75	2	7.171	.127	Not significant
Descriptive, statistical and monetary (M6)	4.30	1	1.360	.851	Not significant

The Kruskal-Wallis test show that there was no significant difference in the respondents' views concerning any of the methods proposed to disclose CSR information, preferring social information to be disseminated in both financial and non-financial forms.

The findings therefore support the acceptance of the null hypothesis:

H_0*: *The average perceptions on (*M1, M2, M3, M5 and M4*) are identical for all groups involved the survey.

Possible Reasons for Not Disseminating CSR Information

The reasons that might provide a hindrance to the disclosure of CSR information (Table 7) demonstrate that almost all the listed reasons were viewed as having a negative influence. The primary reasons appear to be the lack of legal requirements and administrative difficulties and that management does not appreciate its social responsibility.

All five groups shared the same distributions of perceptions. It is therefore fair to accept the null hypothesis:

H_0*: *The average perceptions on (*R1, R2, R3, R4, R5, R6, R7 and R8*) are identical for all groups involved the survey.

Table 7: Reasons behind not Disseminating CSR Information

Reason(s)	Kruskal-Wallis Test				
	Mean score	Rank	χ^2	Level of Significance	Result
Administrative difficulties and management does not appreciate its social responsibility (R1).	4.09	2	6.552	.162	Not significant
The objectives of the organization emphasize its economic rather than social performance (R2).	2.98	6	7.964	.093	Not significant
Lack of legal requirements (R3).	4.28	1	7.391	.117	Not significant
Lack of knowledge concerning this type of information prevents organizations from disclosing it (R4).	3.58	4	6.433	.169	Not significant
The public lacks enough knowledge of the importance of social responsibility information (R5)	3.90	3	4.698	.320	Not significant
The cost of disseminating this type of information outweighs benefit (R6)	2.40	7	7.807	.099	Not significant
This kind of information is sensitive to disclose (R7)	2.73	6	4.837	.304	Not significant
Lack of demand for this type of information (R8)	3.20	5	5.030	.284	Not significant

Perceptions on the Motivation for Firms' Social Responsibility

Possible motivations for the acceptance of the notion of social responsibility was provided (Table 8) seeking to elicit the extent of agreement. Some participants agreed with some of the propositions but rejected others. On the one hand there was support for of the idea that the LBOs should bear some sort of social responsibility to justify their existence within the society (V2) and that organizations should be thought of as social enterprises and their existence is justified as long as they satisfy the objectives of the society (V3). These demonstrated the highest level of agreement.

Table 8: Motivation for Firms' Social Responsibility

Statement(s)	Kruskal-Wallis Test				
	Mean score	Rank	χ^2	Level of Significance	Result
V1	1.60	4	8.091	.088	Not significant
V2	4.02	1	2.173	.704	Not significant
V3	3.72	2	6.236	.182	Not significant
V4	2.38	3	11.08	.026	Significant

V1 = Organizations have no social responsibility but to make as much profit as possible for its owners.
V2 = Organizations should bear some sort of social responsibility to justify their existence within the society.
V3 = Organizations should be thought of as social enterprises and their existence is justified as long as they satisfy the objectives of the society.
V4 = Strategic organizations should continue to be owned by the government (the public sector) to guarantee their social responsibility.

The findings therefore support the acceptance of the null hypothesis:

H_0: The average perceptions on (**V2 and V3*** *) are identical for all groups involved the survey.***

Respondents, on the other hand, showed a high propensity to reject the proposition that organizations have no social responsibility but to make as much profit as possible for its owners (V1), although the Kruskal-Wallis test demonstrates a general disagreement amongst the five groups surveyed on this proposition.

The findings also indicate that the majority were less enthusiastic about the idea of attaching strategic organizations to the public sector to guarantee their social responsibility (V4). This may reflect the widespread discontent among the respondents at the performance of the state owned organizations due to problems facing these organisations and its failure of achieving its goals.

The findings therefore provide further evidence which emphasise that the idea of disclosing CSR information is very much desirable and an overarching issue.

The Right to Corporate Information

The users of corporate information in Libya tend to favour and support the idea of disseminating social information to ensure the social role of the LBOs within their society. A list of stakeholders (i.e. user groups) was provided (Table 9) to assess their support for each of these groups to have the right to information about the actions for which LBOs could be held responsible.

Table 9: Perceptions on Stakeholders who have a Right to Corporate information:

	Kruskal-Wallis Test				
User groups/Stakeholders	Mean score	Rank	χ^2	Level of Significance	**Result**
Owners (U1).	4.15	1	7.418	.115	Not significant
Investors (U2).	4.07	2	7.681	.104	Not significant
Corporate Creditors (U3).	4.01	4	6.559	.161	Not significant
Corporate Employees (U4).	3.93	5	5.217	.266	Not significant
Corporate Customers (U5).	2.93	7	11.690	.02	Significant
Government and its Agencies (U6).	4.03	3	3.598	.463	Not significant
Society at Large (U7).	3.80	6	7.295	.121	Not significant

The majority agreed that users' coalition (the stakeholders) of corporate information including (Owners, Investors, Corporate Creditors, Corporate Employees, Corporate

Customers, Government and its Agencies, and Society at Large) have the right to information about the actions for which LBOs could be held responsible. Respondents, nonetheless, attached less support to the right of Corporate Customers (U5).

There is a general consensus amongst the respondents on the majority of the suggested categories of audience/user groups (U1, U2, U3, U4, U6 and U7). The exception was the question of whether Corporate Customers (U5) have the right to information. The results of the Kruskal-Wallis test point to significant differences amongst the respondents' perceptions about the right of this particular group.

Approaches that can be used as a basis to introduce CSR

Opinions regarding the approaches by which the idea of CSR can be introduced in the Libyan business environment was sought under four different possible methods (Table 10). A high level of agreement is apparent for each of the methods. However strong support for the Law as the key source of establishing responsibilities of LBOs was evident. Establishing responsibilities by Law (A1) was ranked first amongst the other approaches, and there seemed to be the belief that Legislation would offer the most obvious means by which CSR of LBOs can be prompted.

Table 10: Approaches of Establishing CSR

Approach(es)	Kruskal-Wallis Test				
	Mean score	**Rank**	χ^2	**Level of Significance**	**Result**
By Law **(A1)**.	4.14	1	3.379	.497	Not significant
By Quasi-laws* **(A2)**.	3.89	3	4.363	.359	Not significant
By Ethical Considerations and Social Agreement **(A3)**.	3.63	4	4.675	.322	Not significant
To be Encouraged by Law **(A4)**.	3.95	2	2.281	.684	Not significant

*The quasi-legal rights and responsibilities are those enshrined in codes of conduct, statements from authoritative bodies to whom the organizations subscribe, plus other 'semi-binding agreements'-possibly from the organizations themselves-, national strategies, etc.

The suggestion that social responsibilities should be encouraged by Law, as another vehicle, also received approbation of the study participants. This was evident from the high mean score associated to it. Interestingly, the Libyan Tax Law encourages companies operating in Libya to be involved in some social events. It, for instance, stipulates that companies will be granted a tax privilege for donations to officially recognized charity institutions. It is therefore unsurprising to see the five groups surveyed attaching strong support to the approach (A4)

All five groups demonstrated a high degree of consistency about how to introduce CSR information as reflected by the Kruskal-Wallis Test. No significant differences in the respondents' opinion were reported by the test.

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