“Auditors awareness of and value for sustainability reporting in Ghana: evidence from small and medium size audit firms in Kumasi metropolis”

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Auditors awareness of and value for sustainability reporting in Ghana: evidence from small and medium size audit firms in Kumasi metropolis

Abstract

This study examined the awareness of and value for sustainability reporting by accountants working with small and medium size practicing firms in Kumasi, Ghana. Data was solicited from 68 sampled employees of small and medium size audit firms in Kumasi metropolis. Descriptive statistics was used to analyze the data with the help of SPSS statistical software. The study revealed that all the firms are owned by qualified accountants who are members of Institute of Chartered Accountants (ICA) Ghana and that large proportion of the employees in small and medium size audit firms are not qualified accountants. About 32 percent of the respondent is aware of sustainability reporting and 98% of those who are aware of sustainability reporting indicated that such reporting is of value to the organization and stakeholders. About 44% of the respondents who are aware that they got to know of sustainability accounting from online resources and 29% read about it from textbook while the rest became aware through in-service training with internal resource person 11% and external resource person from big audit firms 14%. This finding is consistent with prior literature in other countries which suggests that big audit firms are more inclined to sustainability issues than the small and medium audit firms. The study therefore, concludes that accountants of small and medium size audit firms should be educated on sustainability reporting, it recommends that the Institute of Chartered Accountants Ghana should initiate training on sustainability accounting as part of Continuous Professional Development (CPD) to educate their members on sustainability reporting.

Keywords: audit firms, sustainability reporting accounting, Kumasi metropolis, Ghana.

JEL Classification: M14.

Introduction

Environmental degradation dates back to the Industrial Revolution of the mid-1700s when basic processes in manufacturing and agriculture changed and involved the use of machines. The pressure to reduce corporate environmental damages has thus heightened due to increasing technological advancement. And one of the avenues to enhance corporate environmental responsibility is sustainability reporting.

The nascent nature of sustainable development and the complexities surrounding the costing of environmental impact requires accounting professionals to be versed in the dynamics of environmental aspects of sustainability development and reporting. The absence of this knowledge base will make it impossible for the accounting profession to be used effectively as a tool in influencing corporate behavior towards embracing environmental consciousness. In this light, empirical works exist to show that accounting professionals with large accounting firms have appreciable level of knowledge in sustainable development and reporting. On the other hand, Blackburn et al. (2010) and Dyer and Ross (2007) observe that accounting professionals with small and medium size firms have little or no experience in sustainable development and reporting. They argue that provision of advice to businesses by this category of accountants/auditors is solely economic. From the foregoing discussion, it is however important for us to observe that, most of the research works on sustainable development focused exclusively on developed economies. Contrary to the above, studies that examined environmental aspects of sustainable development from developing market perspective like Ghana are scanty. The main motivation for this study therefore is to fill this gap by investigating the awareness of and value for sustainability reporting of auditors of small and medium size audit firms in the Kumasi metropolis of Ghana. An auxiliary motive for the study is the fact that there are no known formal studies that investigated this issue in Ghana in spite of its imperative-ness. This study is also important because most businesses in Ghana seek accountancy services from small and medium size audit firms. Thus there is the need for the service providers themselves to appreciate and acquaint themselves with the dynamics of sustainability development and reporting in Ghana.

The objective of this paper therefore is to investigate whether or not auditors of small and medium size practice firms in the Kumasi metropolis of Ghana are aware of and their perception of value for sustainability reporting. The following research questions underscore the objective of the study: What is the level of awareness of sustainability reporting of auditors of small and medium size practice firms in the Kumasi metropolis of Ghana? What is the perception of value of sustainability reporting of audi-
tors of small and medium size practice firms in the Kumasi metropolis of Ghana? The study is exploratory and uses qualitative interviews and the inductive research approach to answer the research questions. The paper contributes to the extant literature by investigating the awareness of and value for sustainability reporting of auditors of Small and medium size practice firms from developing country perspective.

This paper is organized as follows. The next section is the literature review; this is followed by the methodology, the findings and discussions. The last section is the conclusion.

1. Literature review

1.1. Theoretical underpinnings. In this study, auditors’ awareness of and value for sustainability reporting among small and medium size audit firms in Kumasi metropolis is investigated within the tenets of stewardship theory. Stewardship theory posits that managers are inherently reliable and can be trusted with the resources of the firm (Nicholson and Geoffery 2003). As a result, Letza et al. (2004) argue that managers should be empowered to enable them run the firm efficiently. Under this theory, Donaldson and Davis (1991) relate that top managers having worked with the firm for several years, have a better understanding of the firm and thus can make superior decisions for the firm relative to outsider directors. Furthermore, Bennett and Robinson (1999) and Blackburn et al. (2010) maintain that the accountant is the ‘a reliable adviser’ for small and medium-scale enterprises. These indicate that, to a large extent, the performance and behavior of the firm is a reflection of the experience and quality of its management. Thus, since businesses depend on the services of accountants/auditors for financial services which are vital for efficient running of the firm, the knowledge base of these professionals in sustainability development becomes indispensable in propagating the concept of ‘sustainable reporting’.

1.2. Sustainable development and the accountancy profession. Increased human activity and the proliferation of businesses have exerted a tremendous negative effect on the ecosphere. Specifically in developing countries, this has led to increase in diseases, unemployment, and poverty. The situation continues to worsen as Advocacy Groups on environmental protection are weak in developing nations. Sustainable development requires that businesses must be conscious of their social and environmental obligations while in pursuit of their economic goal (Elkington, 1999). The accountants’ role in sustainable development is implied in the European Commission report which requires business to initiate action to reduce environmental impacts of their operations (European Commission, 1992).

For business to effectively achieve sustainable development, the accountancy profession has a significant role to play. The reason is that managerial operational planning and decisions is based on full cost accounting information which includes sustainable cost estimation and thus could improve environmental management (Herath, 2005; Adams, 2009). Nonetheless, in the recent past, the accountancy profession has concentrated so much on improving the economic goal of business and neglecting the social and environmental aspects (Catchpole et al., 2004), Bebbington et al. (1994) and Gray et al. (1998) observed a weak sustainability support from the accountants. Contrary to these findings, Ngwakwe (2010) observe that the accountancy profession is gradually moving towards embracing sustainable development.

Despite these clear signs of hope towards sustainable development by the accountancy profession, there exist operational challenges that need to be tackled if a significant success is to be achieved. Firstly, there is lack of a global sustainability accounting standard to guide sustainability reporting. This means that currently sustainability reporting is done according to the whims of corporate CEOs who inherently still see the economic goal of the firm as paramount. Another challenge is that accounting data required for climate change policies such as emerging carbon trading are complex and difficult to be computed (Ngwakwe, 2010). Thus, accountants need further training in these areas in order to be effective. In addition to the above, sustainable development is also beset with the challenge of deceit and window dressing (Baker, 2002). In this regard, most accountants often use sustainability reporting as a business strategy to help their clients gain sympathy from their customers and thus boost sales and profit. Consequently, the concept of sustainable development is contemporary being manipulated by corporate executives to favor the economic goal while relegating social and environmental protection to the bottom.

1.3. The auditor’s role in corporate sustainability. The burgeoning nature of corporate sustainability due to pressure from consumers, governments and civil society groups globally has thrown further responsibilities on auditors. These extra duties stem from their role as an advisor and verifier of corporate activities. In this light, auditors are thought of as agents who possess the most capacity to effectively educate the firm and report transparently on corporate sustainability and its associated issues.
Firstly auditors must be responsible for mapping out specific programs the firm must carry out socially and environmentally while in pursuit of their economic goal. The program(s) must be aimed at promoting social activities and reducing the negative environmental pressure of the activities of the firm. Punitive measures in terms of fines and lack of patronage of the firm’s products and its consequences on value should also be discussed with management.

Secondly, efficient corporate sustainability requires that auditors should install clear reporting system (Senal et al., 2012). This provision is crucial as outsiders have little knowledge of the operations of the firm and thus depend on the assistance of auditors for this information, which is needed in assessing the performance of firms. It is important for us to recognize that rational consumers and investors base their consumption and investment decisions on this analysis.

Furthermore, auditors should organize training programmes for the staff on corporate sustainability development issues to help drive down and popularize the concept. This can be done through organizing conferences/seminars, publications, position papers among others.

**1.4. Sustainability reporting and firm performance.** Abundant evidence exists though limited to developed countries to show that business activities exert pressure on the environment. The absence of strong legal regulations therefore to check firm activity and protect the ecosphere will be detrimental to society (Stern, 2006). Most of the diseases in Africa and the entrenched poverty on the continent can partly be attributable to environmental degradation from businesses. The list include but not limited to pollution of water bodies by chemical and paper producing firms, nebulous activities of mining companies, emission of gaseous materials into the atmosphere by heavy manufacturing plants and cars, among others. In Ghana for example where sustainability reporting issues are not pronounced, most rivers and streams together with large tracks of arable land which serves as a source of livelihood for most communities have been polluted and destroyed by small scale illegal miners. However in the extant literature, it has been observed that awareness of and efficiency in sustainability reporting has value for the firm.

Blacconiere and Patten (1994) examined the relationship between environmental disclosure and share prices of chemical firms. Similarly, Blacconiere and Northcutt (1997) argue that chemical companies with better environmental disclosures weakly react to environmental regulations. Clarkson et al. (2010) finds a positive relationship between environmental disclosure and firm value. Aerts et al. (2008) find that the extent of corporate environmental disclosure depends on the industry type. Cormier and Magnan (2007) discovered a relationship between environmental reporting and market value of firms. Furthermore, in their study, McWilliams and Siegel (2000) investigated the relationship between environmental investment and research and development expenditure. They suggest that environmental investment may only be beneficial in the long run and firms which are short term oriented may not embrace it.

Several studies also investigated the effect of corporate social disclosure on firm value. For example, Moskowitz (1972) assessed the association between social responsibility of firms and equity returns, and finds a relationship between corporate social responsibility and return on equity. This implies that firms can increase their investments in social projects as a strategy to boost up value. This is achieved as potential customers become more sympathetic towards the firm and thus decide to patronize more of their goods and services. Similarly, Turban and Greening (1997) examined the effect of corporate social responsibility on the choice of organization of potential job seekers. They confirm that organizational choice of potential employees is largely influenced by the extent of social responsibility involvement of firms. The implication is that increase resource allocations to heighten social responsibility activities of the firm can attract very talented employees who would increase productivity and thus add value to the firm. Adding to the above, Tsoutsoura (2004) studied the relationship between some selected financial performance indicators and corporate social performance. He maintains that a significantly positive relationship exists between financial performance and corporate social responsibility. This shows that businesses must embrace social activities to enhance financial performance. As indicated earlier, using a field survey methodology, Ngwakwe (2009) assessed the impact of sustainability performance (using employee health, waste management, and community development) on corporate performance of some selected Nigerian firms. He concludes that sustainable business practices influences firm performance at least in the Nigerian setting. This study further reaffirms the value relevance of sustainable business practice.

Conversely to the above studies, Mackinlay (1997) examined the association between firm performance and sustainable business practices and found no positive relationship. To add to the above, Teoh et al. (1999) investigated the relationship between...
corporate financial performance and social expenditure. They stress that there is no clear relationship that exists between corporate financial performance and social expenditure. The implication is that voluntary or mandatory corporate social reporting is just an exercise that builds up unnecessary cost for businesses and that those resources should be channelled to expand the firm. There is no known previous study that has investigated the awareness and value relevance of sustainability reporting in Ghana. Thus, this paper therefore offers an attempt to fill this gap.

2. Methodology

Primary data was used in this study and it was collected from employees of small and medium size firms operating in Kumasi. Data and information were collected through a combination of individual interviews and focus group discussions. Structured questionnaire was used to collect data from employees and interview guide was used to solicit information from partners of the firms.

The sample was selected in three (3) stages; first was the purposive selection of District followed by the random selection of the small and medium size audit firms and the respondents respectively. The selection of the district was guided by the number of small and medium size firms operating in the district. KMA has large number of small and medium size firms due to its location and the small and medium size business operating in the district. After a consideration of the objectives of the study and time and resources available, 5 firms were randomly sampled from the district.

In each of the sampled firms a list of employees was prepared and out of the list prepared, a sample was selected by writing the name of each employee on a piece of paper and folded it properly. The folded papers containing the names were thoroughly mixed in a bowl. The folded paper was then pick one at a time from the bowl until the number of respondent from the firm was achieved. According to Yamane (1967), the sample size is determined as:

\[ n = \frac{N}{1 + N\left( e^2 \right)} \]

where \( n \) is the sample size; \( e \) is the error level; \( N \) is the population of employees in the sampled small and medium size audit firms in Kumasi. Substituting in the above equation, the population of the firms is 82; using a 95% confidence level, and an error level \( (e) \) of 0.05, the sample size is thus 68.

3. Results and discussions

3.1. Background information. The study was conducted using 68 respondents from six small and medium size audit (SMSA) firms within the Kumasi metropolis of Ghana. In all 66.2% of the respondents were males while 33.8% were females. Furthermore, over 50% of these respondents have been working with these SMSP firms for a period of 1-5 years (Table 1). The maximum number of years they have been working with these firms was 23 years with a minimum of one year.

Table 1. Gender, years of experience and professional qualification of the respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>45</td>
<td>66.20</td>
</tr>
<tr>
<td>Female</td>
<td>23</td>
<td>33.80</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100.00</td>
</tr>
<tr>
<td>Years of experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5</td>
<td>35</td>
<td>51.47</td>
</tr>
<tr>
<td>6-10</td>
<td>10</td>
<td>14.71</td>
</tr>
<tr>
<td>11-15</td>
<td>7</td>
<td>10.30</td>
</tr>
<tr>
<td>16-20</td>
<td>4</td>
<td>5.88</td>
</tr>
<tr>
<td>21-25</td>
<td>2</td>
<td>2.94</td>
</tr>
<tr>
<td>Mean = 5.50, SD = 4.17, Max = 23, Mini = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional qualification</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>Qualified accountant</td>
<td>14</td>
<td>21.00</td>
</tr>
<tr>
<td>Part-qualified accountant</td>
<td>43</td>
<td>63.00</td>
</tr>
<tr>
<td>Other qualification</td>
<td>11</td>
<td>16.00</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100.00</td>
</tr>
</tbody>
</table>

3.2. Employee’s professional qualifications. Twenty-one percent (21%) of the respondents were qualified accountants, 63% were part-qualified accountants while 16% had other qualifications. 78% of those with other qualifications had academic qualifications in accounting while the rest had accounting related academic qualifications. The qualified accountants comprises of 98% males and 2% females. On the other hand, 78% of the part-qualified accountants were females while 22% were males. The respondents were generally experienced in the audit of financial statements, therefore it is expected that they should have seen different types of financial reporting formats. Further, the respondents have all gone through training on how to use the Ghana National Accounting standard for the preparation of financial statements which meets the requirements of the International Financial Reporting Standard (IFRS) and the International Accounting Standards (IAS).

Additionally, on the average, the sampled SMSA firms have four qualified accountants who were usually the managing partners, 16 part qualified accountants and 2 supporting staffs (Figure 1). This is an indication that most of the personnel of the SMSA firms have knowledge of accounting and would be able to undertake preparation and audit of
financial statements, or can be trained to prepare or audit financial statements. Also, most of the personnel aimed at qualifying as chartered accountants, hence the large number of personnel who were part-qualified accountants.

The result further shows that, SMSA firms place a lot of emphasis on accountancy qualification as a requirement for recruitment and retention of personnel. This might be due to their core duties which include preparation and audit of financial statements coupled with the offering of business development advisory services to clients. The results further reveal that females were developing interest in the professional accountancy qualification in Ghana as the percentage of female part-qualified accountants far exceeded that of males.

3.3. Awareness of sustainability reporting. Table 2 gives a summary of the responses given by the respondents on their knowledge about sustainability reporting. Thirty-two percent of the respondents (22 personnel) indicated that they were aware of sustainability reporting. However, about sixty-eight percent of them (46 personnel) reported that they were not aware of sustainability reporting. This means that the concept of sustainability reporting is not pronounced among the personnel (auditors and accountants) of SMSA firms in the Kumasi metropolis of Ghana. This finding is similar to Bebbington et al (1994) and Deegan et al. (1996) who discover that accountants in the United Kingdom and Australia respectively were not significantly involved in corporate sustainability reporting at the time of their research.

In all, 15 of the respondents who were aware of sustainability reporting were males while 7 were females, indicating further that the concept of sustainability reporting though not entirely new to the personnel of the sampled firms, a lot of work has to be done in educating the personnel of SMSA firms in Kumasi metropolis of Ghana. This is crucial if personnel must in turn propagate this concept to their clients through their advisory services. This is underpinned by the fact that, accounting has a significant role to play both in economic success and sustainability reporting (Bennet and James, 1997; Andrew, 2001; CIPFA, 2004).

We further observe that, the respondents who indicated they had knowledge of sustainability reporting present their understanding of the concept as fair. Generally, the following were some of their responses:

“A disclosure of non financial information about a business activity to stakeholders such as IRS, debtors, creditors etc”.

“It is based on continuous and proper keeping of records for future transaction and use”.

“It is the assessment of going concern or continuous operation of the business”.

“It is a category of financial accounting that focuses on the disclosure of non-financial information about a firm’s environmental performance to external parties”.

“It is considered as a sub category of accounting that focuses on the disclosure of the non financial information about a firm’s performance to external parties and other authorities”.

Clearly, the responses above show that most of the respondents who even claimed to be aware of sustainability reporting have not really understood the concept. In addition, the results also imply that, the knowledge level of the few respondents who even understood the concept of sustainability reporting is inadequate to enable them impact it significantly. Buttressing this point, Gray et al. (1998) argue that,
...porting.

3.5. Value and training of personnel of small and medium size practice firms on sustainability reporting.

3.4. Sources of information on sustainability reporting. Forty-four percent of the respondents got to know of sustainability reporting through the Internet. About twenty-nine percent of them read about sustainability reporting from text books, 11% through in-service training with internal resource persons while 14% got to know of sustainability reporting from in-service training with external resource persons from large practice firms (Table 3). It was interesting to note that none of the respondents’ source of information on sustainability reporting was from CPD organized by Institute of Chartered Accountants Ghana. This might be due to the fact that the institute is busy educating members on the new IFRS and IAS implementation. Also as sustainability reporting is a contemporary issue it might not be part of the CPD of the professional accountancy body in Ghana.

Table 3. Sources of information on sustainability reporting

<table>
<thead>
<tr>
<th>Sources of information</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td>30</td>
<td>44.12</td>
</tr>
<tr>
<td>Textbook</td>
<td>20</td>
<td>29.41</td>
</tr>
<tr>
<td>In-service training with internal resource person</td>
<td>8</td>
<td>11.76</td>
</tr>
<tr>
<td>In-service training with external resource person from large practice firms</td>
<td>10</td>
<td>14.71</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100.00</td>
</tr>
</tbody>
</table>

3.5. Value and training of personnel of small and medium size practice firms on sustainability reporting. Out of 22 respondents who indicated that they were aware of sustainability reporting, 97% indicated that such a reporting standard could have value for the firm and stakeholders. On the other hand, 2% indicated that they do not know if such a reporting standard could have any value while 1% indicates that it would have no value for the firm and stakeholders.

The respondents who mentioned that sustainability reporting could have value for the firm and the stakeholders mentioned the following as value of sustainability reporting.

“Giving back to the society what was taken out from it is just desirable (being responsible and accountable)”.

“It brings into focus social, economic and environmental consideration and ensures that activities of the firm do not affect the environment negatively”.

“It ensure that the firm continues to operate or be in existence for the foreseeable future unlike Enron and Anderson”.

The above responses show that the respondents who were aware of the value of sustainability reporting were not very clear on the various dimensions of its value. Furthermore, the concept of sustainability reporting was explained to those who were not aware of it, followed by a question on whether or not they think personnel of audit firms and accountants need to know and practice sustainability reporting. In this light, eighty-seven percent of the respondents (87%) indicated that there is the need for personnel of audit firms and accountants to be educated on sustainability reporting. Based on the large number of respondents who agree on the training of accountants on sustainability reporting, it appears that any training that is aimed at educating employees of SMSA firms on sustainability reporting is likely to be accepted.

Table 4 indicate appropriate mode through which the respondents think personnel of SMSA firms (auditors and accountants) can be educated on the concept of sustainability reporting.

Table 4. Mode through which employees can be educated

<table>
<thead>
<tr>
<th>Education mode</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminar</td>
<td>44</td>
<td>32.1</td>
</tr>
<tr>
<td>Continuous professional development</td>
<td>23</td>
<td>16.8</td>
</tr>
<tr>
<td>In-service-training</td>
<td>32</td>
<td>23.4</td>
</tr>
<tr>
<td>Training of trainers using managing partners of SMPs</td>
<td>38</td>
<td>27.7</td>
</tr>
<tr>
<td>Multiple response total</td>
<td>137</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In a multiple response analysis, 32% of the respondents indicated that personnel of SMSA firms should be trained through seminars, 17% mentioned that training should be done in a form of continuous professional development (CPD). About 23% indicated that in-service training should be used in training the personnel while 27% mentioned training of trainer’s method using managing partners of the firm (Table 4).

Further, the respondents rank the above training methods and the result is presented in Table 5 below. Seminar was ranked first followed by training of trainers using managing partners of the firms. Continuous professional development as a training method was not popular because it is normally organized for professionally qualified accountants and it is quite expensive and most personnel may not be able to afford the cost of training if the firm does not pay for.
Table 5. Ranking of teaching mode

<table>
<thead>
<tr>
<th>Training mode</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminar</td>
<td>1</td>
</tr>
<tr>
<td>Continuous professional development</td>
<td>2</td>
</tr>
<tr>
<td>In-service-training</td>
<td>3</td>
</tr>
<tr>
<td>Training of trainers using managing partners of SMPs</td>
<td>4</td>
</tr>
</tbody>
</table>

Kendall’s W = 0.182 (18.2%)
Chi-square = 7.662
df = 3
Asymp. sig. = .054

Table 5 also presents the degrees of agreement of the ranking (W) of the appropriate training method that can be used to educate the employees of the SMSA firms. As indicated earlier, the most appropriate method that can be used to train the personnel on sustainability reporting is seminar and the least is CPD. However, the test of significance in terms of F distribution of the degree of agreement or concordance (W) between the ranking is fairly low (< 50%).

3.6. Respondents’ perception on other potential benefits of sustainability reporting. Multiple response analysis was undertaken to assess respondents’ agreement with other potential benefits of sustainability reporting as noted by the proponents of the concept. Table 6 presents the results of the analysis. About 20% of those who responded to the question agree that sustainability reporting would lead to enhance reputation for the firms.

In case of employee loyalty only 17% believed that such a reporting could lead to employee loyalty. This might be due to the fact that only few employees analyze financial statements of the companies they work for. About 21% of them agree that sustainability reporting could lead to efficiency in companies operations while 18% believed that sustainability reporting could improve the companies’ access to capital. Finally, in the case of environmental impact, 21% indicated that sustainability reporting could help companies achieve less negative effect on the environment. This is because as companies report explicitly on the effect of their activities on the environment, they would be cautious in their operations especially those that have negative effect on the environment. Thus, investors who are particular about the environment may tend to invest in such companies which would consequently improve access to capital or finance.

Table 6. Respondents’ perception of potential benefits of sustainability reporting

<table>
<thead>
<tr>
<th>Potential benefit of sustainability reporting</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance reputation</td>
<td>59</td>
<td>20.7</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>50</td>
<td>17.5</td>
</tr>
<tr>
<td>Access to financial resources</td>
<td>53</td>
<td>18.6</td>
</tr>
<tr>
<td>Efficiency of operations</td>
<td>61</td>
<td>21.4</td>
</tr>
</tbody>
</table>

Conclusion and recommendation

This study aimed at exploratory assessment of employees of small and medium size audit firm’s awareness of sustainability reporting. In order to achieve this objective, data was collected from 68 employees of SMSA firms.

Generally most of the respondents were not aware of sustainability reporting. Also the professional body ICA does not organise CPD on sustainability reporting. Internet plays a key role in making respondents aware of sustainability reporting. This means that personnel of SMSA firms’ access to Internet may increase their knowledge on sustainability reporting.

Generally, most of the respondents who claimed to be aware of sustainability do not have clear understanding of the concept. Thus training is needed for both those who claimed to be aware and those who are not of the concept of sustainability reporting. In addition, the acceptability of the concept would improve if the personnel (auditors and accountants) are made to understand the value of sustainability reporting.

Furthermore, the results show that a large number of the respondents agree with the proponents on the potential benefits of sustainability reporting. Thus, education on the potential benefits of sustainability reporting would further help in understanding and accepting the concept. Seminar and in-service training were the most appropriate modes through which the personnel of SMSA firms could be trained to understand and use the concept of sustainability reporting.

Furthermore, the accountancy professional body in Ghana (Institute of Chartered Accountants, Ghana) which is the main regulator of SMSA firms in Ghana should also adopt training of trainers’ method to train managing partners of these firms, so that they would in turn train their employees. This can be done through CPD programs.

The training must also seek to present clear meaning of sustainability reporting to improve the understanding of the personnel on sustainability reporting. Furthermore, they must be educated on the value of sustainability reporting. Finally, aggressive campaigns should also be developed by ICA-Ghana and targeted at improving accounting students’ understanding and potential benefit of sustainability reporting. Further research however needs to be conducted to ascertain factors that may influence adoption and use of sustainability reporting by managing partners of small and medium size practice accounting firms in Ghana.
References


