

Coercive Isomorphism and Financial Reporting Qualities of Listed Banks in Kenya: Moderating Role of Top Management

Musina Ochieng Bonface ¹, Muganda Munir Manini², Benedict Ondieki Alala³

Department of Economic Finance and Accounting, Kibabii University, Kenya^{1,2}

Department of Accounting & Finance, Masinde Muliro University of Science & Technology, Kenya³

ABSTRACT

Purpose: The paper pursues to assess top management's moderating power on the association between coercive isomorphism on Financial Reporting Quality (FRQ).

Design/ Methodology: Descriptive research design was adopted to establish the association between predictor variables and financial reporting Qualities (FRQ). A sample size of 295 respondents was used by simple random sampling was employed Multiple regression and Pearson correlation were used for inferential statistics. The data were then scrutinized and crosschecked for completeness and clarity.

Findings: The result indicates that coercive isomorphism and top Management positively and significantly influence listed banks' financial reporting qualities. The result further reveals that top Management significantly moderates the link between coercive isomorphism and listed banks' financial reporting qualities.

Practical Implication: The study's finding is anticipated to aid in outlining the effects of Institutional isomorphism on financial reporting quality in developing economies. This motivates the Kenyan practitioners and academics to pursue training and do international approved professional bodies examinations.

Originality/Value: The study underscores the importance of top Management in coercive isomorphism, which is vital to influence financial reporting qualities.

ARTICLE INFO

Received: November 8, 2020

Revised: February 5, 2021

Accepted: February 6, 2021

Published: April 1, 2021

Keywords:

Coercive Isomorphism,
Top Management,
Listed Banks,
Financial Reporting Quality

 © 2021 The Author(s)

 Corresponding author: bonfacemusina@yahoo.com

Introduction

Listed banks play a significant role in an economy by providing employment opportunities, income, and services, to government and other stakeholders, thereby improving national gross domestic products (GDP). Due to this, listed banks are needed to give information that fulfills all the stakeholders' needs. Banks for years have been using old methods to issue and distribute financial information. This old-style of reporting has been

recognized as untimely, inappropriate, and having deficient capability to accurately echo the corporate world present state (Richardson & Scholz, 2000); (Davis & C. Clements, 2003); (Lodhia, Allam, & Lymer, 2004). Interested parties are needed to stay for long for the paper-based financial statement is provided. This delay tends to considerably decrease the importance and significance of the information to various stakeholders.

Isomorphism is a measure of institutional theory and is not novel to the financial reporting qualities (Lounsbury, 2008); (Tsamenyi, Cullen, & Gonzalez, 2006). Isomorphic refers to a forcing practice that compels one element in a population to be identical to other units facing similar ecological situations. Tuttle and Dillard in (Tuttle & Dillard, 2007) state that "banks rival for social, political-economic, institutional legitimacy as well as for resources and customers. The three kinds of isomorphic are recognized by Scott, (Scott, 2014), DiMaggio & Powell (DiMaggio & Powell, 1983), specifically normative, mimetic, and coercive. Mimetic denotes banks read coping one other while coercive is a situation in which firms are being forced to follow the best practice of industrial leaders, and normative is the professionalization of standards (Dacin, 1997), it entails educational training as the joint struggle of members of a profession to explain the circumstances and techniques of their effort, and to institute intellectual base and legitimization for their professional independence (DiMaggio & Powell, 1983). The three types of isomorphic mechanism cited influence social and environmental disclosures.

Financial reporting qualities is a term originating from the financial accounting system of a commercial firm. It is a word generally applied in financial accounting studies (Bageva B, 2010). Financial reporting qualities are complete and transparent accounting data that is not aimed to deceive users. Techniques focusing on the financial statement's specific feature save frequently been applied to measure financial reporting qualities in the public and private sectors (Hirst, Hopkin, & Wahlen, 2004). While in listed banks, operationalization of the qualitative features such as relevancy among others is used as a measure of financial reporting qualities (Braam & VanBeest, 2013); (Braam & VanBeest, 2013); (Beest, Braam, & Boelens, 2009).

Firms that publish quality financial reports give to deferent stakeholders informed decisions are permitting them to act in the marketplace with excellent conditions and perfect market information (Jo & Kim, 2007). Chen et al. (Chen, Tang, Jiang, & Lin, 2010), establish that financial reporting qualities broadly share organizations' investment efficacy in developing markets and boost listed banks' funding, and reduces incentives to minimize profits for tax evasion purposes.

From the evidence collected by this study, the quality of Kenyan-listed banks' financial statements is declared modest by stakeholders of annual reports in Kenya, putting into attention financial reporting qualities such as relevance, faithfulness, understandability, cand Thus, most studies recommend that Kenyan listed banks should try to attain higher reporting quality of their final accounts (Nyor, 2013).

The study was anchored on the following objectives: i. to examine the coercive isomorphic influence on listed banks' financial reporting qualities in Kenya and establish the moderating effect of top management on the link between institutional isomorphic on financial reporting qualities of listed banks in Kenya.

The following Hypotheses were tested: Ho1: There is no significant link among coercive isomorphism and financial reporting qualities of listed banks in Kenya and Ho2: Top management doesn't moderate the association amongst institutional influences isomorphism and financial disclosure qualities of listed banks in Kenya.

Literature Review

The current study is steered by institutional theory. The performances of listed banks are greatly affected by the banking environment in which they are situated. The institutional setting's culture aspect outlines what is considered right and how the global should (Barley & Tolbert, 1997). The study on listed banks' backgrounds has brought up some compelling arguments as to why banks situated within similar environments often look alike. Institutional theory is built on the view that banks positioned within the same setting are prone to follow

similar structures, behavior, and events (Shonk & Bravo, 2010). It has been for centuries ever since institutional philosophy was first introduced into organizational studies (DiMaggio & Powell, 1983); (Tolbert & Zucker, 1994). Ancient investigations into the institutional concept concentrated primarily on understanding why alike listed banks revealed shrinking resemblances, how institutions within the environment shape bank's tactics and structures (DiMaggio & Powell, 1983).

Coercive Isomorphism and Financial Reporting Qualities

Aaron in (Aaron B, 2011) carried out a Coercive Isomorphic study, Institutionalization and the Uniformity of plan in the USA. A detailed survey method was used in this study. Over 279 administered questionnaires were issued to CEOs in which random sampling was conducted to choose the suppliers from ELM guide listings to offer a rational sample of the variety of listed banks in the locomotive dealer industry. The SPSS-PC program for statistical analysis was utilized to analyze the data. This study's significant findings are inter-organizational associations that depict most companies' environments, which may cause businesses to select the same strategies. This study recommends that coercive isomorphism arising from mutual dependence upon a limited number of clientele may have a role in implementing managers' strategic decisions in marketplaces and strategic resource placements. In a competitive market, more excellent uniformity was established in market share and organizational pricing decisions. Generally, concerns experiencing greater coercive force tended to set the price at or beyond market average, though pricing strategies of companies with lower coercive power are greatly more heterogeneous. Overly dependent firms are superior in terms of homogeneity in market share. This study was conducted within one sector of industry categories, auto suppliers. It did not capture a broad group of Supplier Company in scope, product distribution, and production processes competing within a particular industry.

Masocha and Olawale (Masocha & Fatoki, 2018) conducted a study on *Coercive Forces on Sustainability Practices of Small Businesses in South Africa*. The survey study method was used in this study in which questionnaires were issued to Small enterprise proprietors and agents. The structural equation modeling technique was applied to analyze facts using the Maximum Likelihood Estimation approach in Amos Version 24 software. This research's main result was that coercive forces have more significant influence on sustainable development techniques, which are social, ecological, economic, and political. The results further show that coercive pressure, such as state forces and legislative authorities, influences small businesses relying on social, economic, ecological, and political developments. The result also revealed that governments, ecological pressure individuals, and new participants demand attention that coercive forces like rules in forcing growing companies to embrace sustainable developments. In this study, the existing literature was scanty for the research of this degree. In this study, it was found that Literature on intuitional isomorphism and sustainable practices are very inadequate. Empirical studies in this area are very scanty.

Moreover, this study was done in the Limpopo region. The results of this research rarely denote the South African perspective. However, for appropriate coverage, the task can be done in other parts of the nation. The researcher recommends upcoming studies to explore similar ideas based on variances found in SMEs. Such variation might be global, national, regional, and industrial segments, size, and duration. Overall, the study aims to narrow the research gap in banking regulation works by surveying institutional isomorphism and financial reporting qualities and different dimensions of financial reporting qualities in Kenya to add to the relatively limited studies about Africa. The study will contribute to the literature about the application of institutional theory to financial reporting qualities. Based on the review, it is anticipated that Banks listed in Kenya will adhere to the Nairobi Securities Exchange and Capital Market Authority's legislative power.

Bananuka, Night, Ngoma, and Muganga (Bananuka, Night, Ngoma, & Najjemba, 2019) carried out a study on Internet financial reporting adoption the impact of the role of board performance and isomorphism forces in Uganda. The study applied cross-sectional and correlational methodology. Data was gathered by way of a survey a questionnaire on 40 commercial firms. Data analysis was done using correlation coefficients and

linear regression utilizing SPSS. The study outcomes revealed that board goals and isomorphic mechanisms have a significant influence on internet IFR. However, board role performance harms IFR in the incidence of isomorphic pressure. Majorly the boards have a stronger positive and significant association with IFR distinct from the service role. Coercive isomorphism has a positive and significant association with IFR separate the normative and mimetic isomorphic. The demerits were that the study was cross-sectional. This suggests that the variance in performance for many years was not watched. Future scholars may focus on other elements of IFR in developing countries. Future studies may adopt qualitative and mixed research techniques. It is believed a survey of institutional isomorphism and FRQ will offer an essential impetus to this study.

In his study, Manini (Munir Manini, 2019) entitled: Institutional Isomorphism and International Public Sector Accounting Standards Adoption by the African States. A quantitative research method was employed. The initial sample consisted of 54 states, though the concluding sample comprised 29 nations, which included the dataset in which a logistic regression analysis was done. The study finding suggests that external income (coercive force), the state's overall competitiveness (mimetic element), and normative details of isomorphism were not essential elements in nations' choice to adopt IPSAS. The main drawback of the study was that fewer countries in African were studied. Nonetheless, it is expected that some states implementing IPSAS will most likely increase. This study creates an avenue for new areas for further research in the spread of IPSAS.

Top Management Moderating Role

Liang, Saraf, Hu, and Xue (Liang, Saraf, Hu, & Xue, 2007) examine the Assimilation of corporations systems: The influence of organizational forces and intervening responsibilities of senior managers the U.S.A. The survey technique was used to check the model whereby the survey tool was developed by finding suitable measurements from a detailed literature review. Hence, partial least squares were employed for detailed analyses. The study's result was that mimetic forces strongly impact executive management beliefs, positively influencing administrative management contribution in ERP integration practice. At the same time, the level of ERP usage is positively affected by senior management contribution. This study also stipulates that old management contribution is positively affected by coercive mechanisms without moderating top management beliefs.

Furthermore, the normative effect on ERP usage does not moderate top management participation but instead, normative forces directly impact ERP application. The finding confirms that the executive management role is vital in moderating institutional pressures on IT assimilation. A single source of data collection from customers of a sole ERP seller from China was employed, limiting the findings' generalizing. Only seller choice did not make data accumulated from various firms more comparable as they applied similar ERP modules. A follow-up study should be done by collecting data from a random sample of companies that implemented ERP products from several sellers and different parts of the world. The finding's assessment would shed some exciting light on ERP integration practices under various industrial contexts. Considered multiple vendors, their components may differ too significantly to permit an essential understanding of the data or may entail impossibly huge samples and elements for control.

Nyahas (Nyahas, Munene, Orobia, & Kaawaase, 2017) carried out a study on isomorphic influences on voluntary disclosure on Nigeria listed firms. The study applied the cross-sectional method. Data gathering was a survey questionnaire for mediating variables. Partial least squares PLS-SEM was employed for data analyses. The study establishes that top management culture is positively and significantly linked with non-mandatory disclosure.

Furthermore, it was proved that firm culture moderates link between firms' isomorphism and non-mandatory disclosure. This is because companies' culture is an image of how it is more likely to react to outside environmental forces. This denotes that, even though firms' isomorphism element directly impacts non-mandatory disclosure, their impacts are partially felt through firms practice. The study's principal inherent

limitation was adopting a survey questionnaire, which is prone to self-reporting bias. Furthermore, the study applied the cross-sectional method, which did not capture variation in people’s opinions over time.

Mafabi, Munene, and Ntayi (Mafabi, Munene, & Ntayi, 2012) carried out a study on the management of Knowledge on institutional Resilience, institutional innovation as a mediator in Ugandan’s state corporations. The investigation applied a cross-sectional methodology in gathering statistics employed to perform intercession analysis. The outcome of the research is that organizational Resilience is positively affected by innovation. In contrast, Knowledge management and organizational resilience have an inverse and opposite relationship except through complete innovative mediation. This means; listed firms may not boost their level of strength without organizational innovations. Across – the sectional methodology used could not trace effect over a more extended period of Knowledge-based management and organizational innovation and organizational resilience. Also, the research was limited due to the small sample size, which covered only the parastatals in which the finding may vary with those of private firms. This study, therefore, recommended for longitudinal study methodology.

The study variables were conceptualized as in Figure 1.

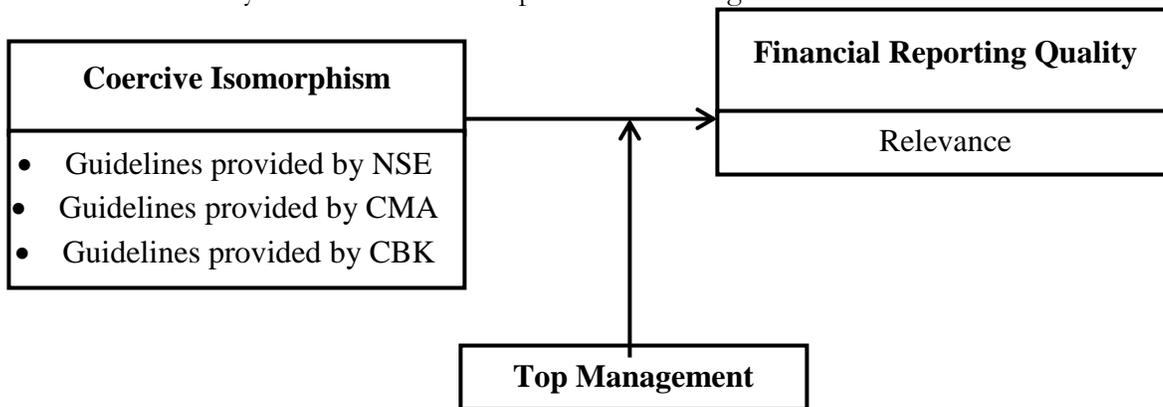


Figure 1: Conceptual Framework

The study was anchored on the following objectives: i. to examine the coercive isomorphic influence of listed banks' financial reporting qualities in Kenya and assess the moderating effect of top management on association amongst coercive isomorphic and financial reporting qualities of listed banks in Kenya. The following hypothesis was tested: Ho1: There is no significant link between coercive isomorphism and the financial reporting qualities of listed banks in Kenya, and Ho2: Top management doesn’t moderate the association between coercive isomorphism and financial reporting qualities.

Research Methodology

Study Design

The study adopted a descriptive study technique, often in the form of a survey, to exam the link between the forecaster variables and FRQ. This design is suitable because it is appropriate in selecting part of the population to collect data that can be generalized on the entire research population on Institutional isomorphic influence on FRQ. Stratified and simple random sampling techniques were used to arrive at the sample size. Stratified and simple random techniques aimed to attain required representation from the different smaller groups in the population (Mugenda & Mugenda, 2012). This study aims to find the prevalence of concern for the population or subclass within the population at a given in time.

Sample

The sample population's size on interest was obtained by adopting the finite population formula proposed by (Yamane, 1967) a well-known scientific formula for finding the sample sizes. It was built on 95% level of confidence, therefore, resulting in an alpha of 0.05. The model is stated as:
$$n = \frac{N}{1 + e^2 N}$$

Where:

n represents sample size
 represents study population, N
 e represents tolerance at 5% (0.05) based 95% confidence level.

Using the above data, (n) was calculated as follows:

$$\frac{(1128)}{[1+0.05^2(1128)]} = 295.2880 = 295$$

This gives 295 respondents. The number of respondents in each group in the sample population was achieved by considering each strata's ratio to the research population. For instance, the sample table's first set was attained by dividing the number of respondents in the group by the entire population and then multiplying the outcome by the total population sample.

Thus 295 sample size represents a target population of 1128. The size for each stratum was obtained using (Stratum Population / Target Population) * Sample Size

Variable Measurement

The dependent variable under consideration is FRQ, whereas the predictor variable is a coercive isomorphism and moderating variable is top management. Coercive was measured by supervisory organizations' guidelines, such as the Nairobi Securities Exchange, the Capital markets authorities, and the Central Bank of Kenya (CBK).

Data Analysis

The Statistical Package for Social Sciences (SPSS) was adopted to perform all the study analyses. Data was collected, collated, and analyzed using both descriptive statistics and inferential statistics. Investigates Institutional isomorphism on FRQ, the mean scores, standard deviation, and variance were used. Pearson correlation coefficient was employed to establish the degree of association amongst the dependent and independent variables. The multiple regression analysis model was employed to test linearity, multi co-linearity, and normally distributed data.

Results

The study also investigated the actual meaning of Coercive Isomorphism in this with the real context. This was done by requesting respondents to give their opinions on the extent of Coercive Isomorphism's influence on FRQ. The statements of interest were provided on a Likert scale of 1 to 5. Where **1- Strongly Disagree, 2- Disagree, 3- Not Sure, 4- Agree, 5- Strongly Agree**. Table 4.14 shows the results.

Table 1: Descriptive Statistics for Coercive Isomorphism

Statement	1	2	3	4	5	Mean	Dev.
We follow guidelines issued by capital market authority	0%	0%	4.6%	33.2%	62.2%	4.576 (92%)	.582

We follow guidelines issued by the Nairobi Securities exchange	0%	0%	2.5%	35.7%	61.8%	4.592 (92%)	.541
We follow guidelines issued by Central Bank of Kenya	0%	0%	1.3%	30.7%	68.1%	4.67 (93%)	.498
We follow guidelines issued by Public Sector Accounting Standard Board (PSASB)	5.5%	3.4%	10.9%	40.3%	39.9%	4.06 (81%)	1.066
The competitive conditions require our listed banks to apply FRQ	0%	0%	5%	52%	43%	4.38 (88%)	.582
The Kenya bankers association requires our Listed banks to embrace FRQ	0%	0%	5%	46%	49%	4.45 (89%)	.584
Overall Coercive Isomorphism. Mean = 4.4905 (89%), Std. Dev. = .35082, test vale= 66.7% t= 51.04, P-value = 0.00 < 0.05							

As shown in Table 1, most of the respondents, 62.2%, and 33.2% agreed that the listed banks adhere to the capital market authority guidelines. A mean of 4.576 reveals that the level of adherence to guidelines issued by the capital market authority was moderate at 92% [mean = 4.576, Std. Dev. = 0.582]. Further, 61.8% of respondents' strongly agreed that listed banks follow Nairobi Securities' guidelines. A Mean of 4.592 indicated that the improvement in adherence to guidelines provided by the Nairobi Securities was at 92%. [Mean = 4.592, Std. Dev. = 0.541]. The findings also disclosed that 68.1% of respondents strongly agreed with the level of adhering to guidelines provided by the Central Bank of Kenya had influenced FRQ [mean = 4.67, Std. Dev. = 0.498]. Matter of adherence to guidelines provided by the Public Sector Accounting Standard Board (PSASB), 40.3% of the respondents agreed that the listed bank adheres to guidelines provided by Public Sector Accounting Standard Board [mean = 4.06, Std. Dev. = 1.066]. Similarly, 52% of the responses agreed that the competitive conditions require our listed banks to apply FRQ [mean = 4.38, Std. Dev. = 0.582]. Finally, 49% of the responses strongly agreed that the Kenya bankers association requires our listed banks to embrace FRQ [mean = 4.45, Std. Dev. = 0.584].

Table 1 summarizes the overall mean score for the Coercive Isomorphic influence as 4.4905 (89%). The study wanted to establish if Coercive Isomorphism was significantly above average in FRQ of listed banks in Kenya. The null hypothesis H_0 was; there is no significant association between coercive influences and FRQ of listed Banks in Kenya. Since $t= 51.04$, $p\text{-value} = 0.000 < 0.05$, the null hypothesis was rejected. The study established a substantially improved link between coercive isomorphism and FRQ of listed Banks in Kenya; since the growth in coercive influence was relatively constant.

Reliability Analysis for Coercive Isomorphism

The reliability of the scale was checked using Cronbach's Alpha Coefficient. The normal Cronbach's coefficient threshold was adopted from (Nannally & Bernstein, 1994) who recommended that he hypothesized measures of constructs reliabilities in the study's primary stages. Reliability of .70 or above is considered adequate. The outputs are as in Table 2.

Table 2: Reliability Analysis for Coercive

Constructs	Number of Items	Cronbach's Alpha Score
Coercive Isomorphism	6	0.7

Findings in Table 2 reveals that Cronbach's alpha coefficient for Coercive Isomorphism was 0.671, a value slightly above the 0.6 thresholds (Hair, Hult, Ringle, & Sarstedt, 2016) and hence is acceptable and can be relied on for further analysis.

Factor Analysis for Coercive Isomorphism

Factor communalities and loadings relying on principal components analysis with Varimax rotation for seven items were carried out to deliver the best defined factor structure for the Coercive Isomorphism construct

to measure construct validity. Sampling adequacy of the items used to make Coercive Isomorphism was measured using Kaiser-Meyer-Olkin (KMO) test. Bartlett's Test of Sphericity was used to check if these items were coming from a population with equal variance. The findings were as shown in Tables 3 and 4.

Table 3: KMO and Bartlett's Test for Coercive Isomorphism construct

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.699
	Approx. Chi-Square	384.974
Bartlett's Test of Sphericity	Df	15
	Sig.	.0000

KMO test results for sampling adequacy in Table 3 indicate that the Coercive Isomorphism factor's scaled value 0.699, which was more than the threshold of 0.5 according to Williams et al. (Williams, Onsmann, & Brown, 2010), hence signifying acceptable level for Sampling adequacy. Bartlett's Test of Sphericity findings in Table 4.15 indicates that the samples of the factor are from populations with same variances [$\beta^2_{15} = 384.974$, $p = 0.000 < 0.05$]. Thus the results of the study constructs were verified to be valid.

Table 4: Factor loadings and communalities for six items that constitutes Coercive Isomorphism construct

Item	Factor loading	Communality
We follow the rules issued by the capital market authority	.859	.738
We follow the rules issued by the Nairobi Securities exchange	.772	.597
We follow the rules issued by the Central Bank of Kenya	.779	.606
We follow guidelines issued by Public Sector Accounting Standard Board (PSASB)	.436	.190
The competitive conditions require our listed banks to apply FRQ	.644	.415
The Kenya bankers association requires our listed banks to embrace FRQ	.391	.153

The four communalities, namely CMA, NSE, CBK, and competitive conditions, were all above 0.3 thresholds (Frydenberg & Lewis, 1993); this indicates that every element shared some similar variance with other elements except for PSASB and KBA. Only the four items in this analysis had primary loadings over 0.5 thresholds (Frydenberg & Lewis, 1993). Thus our dataset was acceptable for further research.

Normality, Linearity, Homoscedasticity, and Presence of outliers in the scores of Coercive Isomorphism and FRQ constructs

The study also ascertained the assumption of a normal distribution of coercive isomorphism construct. At this phase, the study tested the null hypothesis that coercive isomorphism isn't significantly distinct from a normal distribution. To achieve this test, the study used the Shapiro Wilk test. The outputs were captured as displayed in Table 5.

Table 5: Shapiro-Wilk Test for Normal Distribution of coercive isomorphism scores

	Statistic		Shapiro-Wilk test	
		df		p-value
Coercive Isomorphism	.432	238		.820

As specified by the Shapiro Wilk test outputs, p-value = 0.820 is superior to the 0.05 degree of freedom; thus the null hypothesis was rejected. The study confirmed that coercive isomorphism scores were significantly normally distributed.

To test for the assumptions of linearity, Homoscedasticity, and presence of outliers in the scores of coercive isomorphism and FRQ constructs, a Normal p-p plot & Scatter plot of the standardized residuals were adopted. Figure 2 gives a summary.

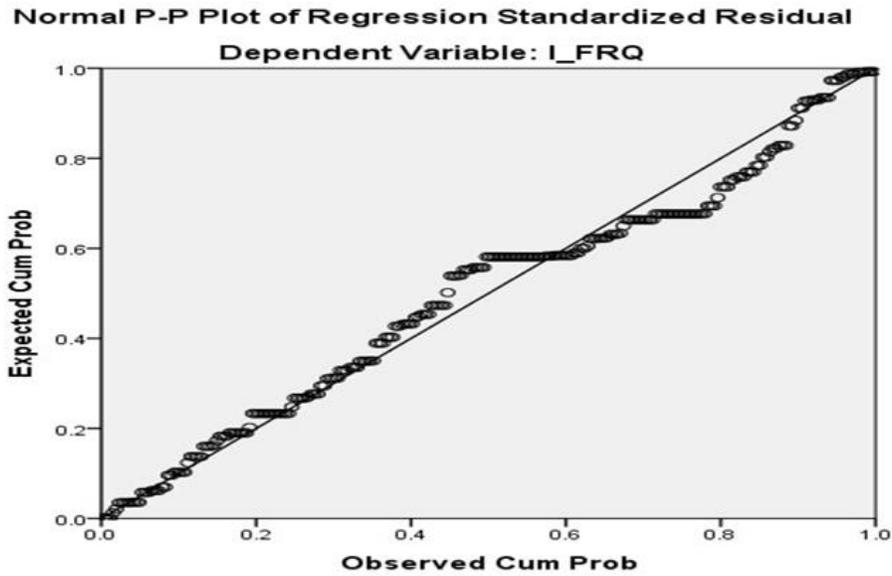


Figure 2: Normal p-p plot of regression standardized residual for coercive isomorphism

Figure 3 summarizes information on the Scatter plot for standardized residual for coercive isomorphism

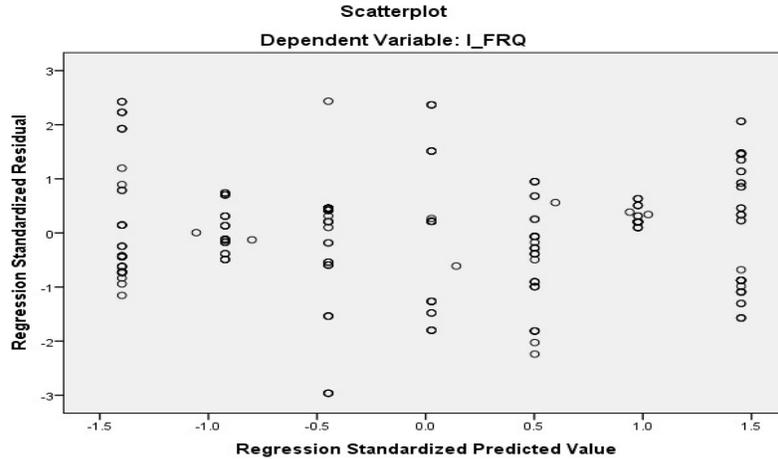


Figure 3: Scatter plot for standardized residual for coercive isomorphism

Linearity test

Linear regression involves checking if the association amongst the independent and dependent constructs is linear. In this study, linearity assumption was tested with a Normal p-p plot of regression standardized residual as shown in Figure 2. The points lie in a rationally straight diagonal line from bottom left to the top right as indicated in the Normal Probability Plot, which means a linear relationship between coercive isomorphism and FRQ; thus, the assumption for linearity was achieved.

Homoscedasticity test

This assumes that the dependent element shows the same variance across the array of values for the independent variable. In the case of homoscedasticity, the disparity of residuals about forecasted dependent variable scores should be similar for all predicted values. Figure 3 gives a Scatterplot of the standard residuals, and the residuals are evenly rectangular distributed, with many scores gathered at the midpoint (along with the point). The standardized residuals are randomly distributed and are not organized in any systematic manner. Lack of the residuals' deviations from a centralized rectangle indicates that the assertion of homoscedasticity was obeyed.

Outliers

Outliers are those variables with standardized residual values over 3.3 (or lower than -3.3). Linear Regression analysis is susceptible to outliers (very great or lower scores). From figure 3, none of the standardized residuals is more than 3.3 or less than -3.3, indicating the absence of outliers in our dataset.

Correlation between Coercive Isomorphism and FRQ on listed Banks in Kenya

Pearson Moment Correlation coefficient was adopted in finding the strength and trend of the link between Coercive isomorphism and FRQ. The findings of the research are captured in Table 6.

Table 6: Correlation between Coercive Isomorphism and FRQ

		Coercive isomorphism
FRQ	Pearson Correlation	.496**
	Sig. (2-tailed)	.000
	N	238

Table 6 reveal that Coercive isomorphism had a significant positive association with FRQ of listed Banks in Kenya. ($R = 0.496$, $p = 0.000$). Lyndsay in (Lyndsay & Kevin, 2009) suggested that a coefficient between +0.5 and +0.3 or -0.5 and -0.3 showed a moderate relationship. Thus, the study conclusion is that Coercive isomorphism had a significant strong positive association with FRQ.

Regression Analysis

The study employed the Simple Linear Regression method to establish the effect of FRQ. The following null hypothesis was tested;

H_{01} : Coercive element of isomorphism has no significant influence on the FRQ of listed Banks in Kenya.

Table 7: Simple linear regression between Coercive isomorphism and FRQ of listed Banks in Kenya

Model	R	R Square	We adjusted R Square	std.	The error of the Estimate
1	.458 ^a	0.210	0.207		.42524

a. Predictors: (Constant), Coercive

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
Regression		11.358	1	11.358	.181	
1	Residual	42.675	236		62.813	.000 ^b
Total		54.034	237			

a. Dependent Variable: I_FRQ

b. Predictors: (Constant), coercive

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.444	.355		-1.252	.212
	coercive	.624	.079	.458	7.925	.000

a. Dependent Variable: I_FRQ

The ANOVA outcome in Table 7 reveals that the dataset was well fitted by the Simple Linear Regression model [F (1, 236) = 62.813, P = 0.000 < 0.05]. The model (Coercive isomorphism) explains 20.7% of the variation in FRQ of listed Banks in Kenya (Adjusted R² = 0.207). The outputs of coefficients in Table 7 indicates that Coercive isomorphism had a statistically significant contribution in the forecast of FRQ of listed Banks in Kenya (β = 0.624, t = 7.925, p=0.000 < 0.05); hence the null hypothesis was not accepted and deduced that Coercive isomorphism had a significant influence on FRQ of listed Banks in Kenya. Coercive isomorphism had a positive standardized beta coefficient = 0.458 in the coefficients results of Table 7; a signal that a Unit change in the Coercive isomorphism leads to an enhanced FRQ of listed Banks in Kenya by 45.8%. The Simple Linear Regression model to predict FRQ of listed Banks in Kenya using Coercive isomorphism was as follows:

$$\text{FRQ} = -.444 + 0.624 \text{ Coercive isomorphism}$$

These findings agree with the previous works of (Masocha & Fatoki, 2018) that conducted a study on The Impact of Coercive Pressures on Sustainability Practices of Small Businesses in South Africa and found that coercive isomorphism forces have a greater influence on all the mechanisms of sustainable growth which are social, environmental, political and economic. This research indicates that coercive pressure like state forces and other legislative entities influence SMEs dwelling on social, political, and economic sustainable practices. The result also reveals that national and county government change groups and other interested parties demand putting into attention that coercive forces, namely laws, and legislation, compelling upcoming banks to embrace sustainable developments. The study was also in tandem with previous work of Bananuka, Night, Ngoma, and Muganga (Bananuka, Night, Ngoma, & Najjemba, 2019) that carried out a study on Internet financial reporting adoption and found out that board role performance and isomorphism mechanism have a significant influence on IFR.

The initial objective of the research was to examine the effect of coercive isomorphic force on FRQ. To test this goal, the researcher set out the following null hypothesis; H01: There is no significant association between coercive isomorphism and FRQ. Linear regression analysis was employed in the study to test the relationship between coercive isomorphism and FRQ. The output showed that there exists a statistically significant positive correlation between coercive isomorphism and FRQ. Coercive isomorphism accounted for a 20.7% variance in FRQ of the listed bank in Kenya (Adjusted R²=0.207). Further, Coercive isomorphism has a positive standardized beta coefficient = 0.496 in the coefficients outcomes; a signal that a slight adjustment in the Coercive isomorphism is expected to cause an improvement in FRQ of listed banks in Kenya by 49.6%. Therefore, the study's null hypothesis was rejected since there was a significant association between Coercive isomorphism and FRQ of the listed bank in Kenya.

Moderation influence of Top Managements on the association between Coercive Isomorphism and FRQ of listed Banks in Kenya

In Model (as shown in table 4.34), the interaction term between Coercive Isomorphism and the Moderator variable (Top Management) was added to the regression model between Coercive Isomorphism and FRQ Hierarchical Linear Regression analysis. The Interaction effect (ITC) contributed to a significant amount of the variance in FRQ of listed Banks in Kenya as indicated in model 2 results, R² change = 0.218, F-change = 18.631, β = 0.371, t (238) = 4.316, p=0.000 < 0.05: signifying that there was a potentially significant moderation

influence by Top Management on the association between Coercive Isomorphism and FRQ of listed Banks in Kenya. The moderated Regression model was therefore given as;

$$FRQ = -0.328 + 0.506COER + 0.022ITMC$$

Where;

$$FRQ = FRQ$$

COER = Coercive Isomorphism

ITMC = Interaction between Top Management and Coercive Isomorphism

Conclusion

The primary study objective was to explore top management's moderating power on the link amongst Coercive isomorphic influence and FRQ of listed banks in Kenya. To attain this, a questionnaire survey of 295 employees of listed banks in Kenya was used. The Pearson correlation coefficient and ordinary least square multiple regression analysis to analyze the data was used. Results of the study indicate that top management rules and isomorphic powers contribute significantly to FRQ. The null hypothesis was not accepted as there existed a statistically significant positive moderating force of top management on the link between coercive isomorphism and FRQ. The majority of respondents revealed coercive isomorphism had improved FRQ of banks listed NSE. The results in this paper are significant for several reasons. First, they contribute to existing literature providing initial empirical evidence on the contribution of top management power and isomorphic forces on FRQ. This is important for regulators like the Kenya Bankers Association, Central Bank of Kenya, Capital Market Authority, and Nairobi Securities Exchange to encourage financial institutions to embrace FRQ. Second, the results suggest that top management of listed banks respond to pressures from various stakeholders, as this will enable them to enjoy the benefits of applying FRQ. Finally, the results suggest that the community and other external stakeholders can always demand financial reporting quality as this aids them in accessing internal and external funding from viable investors.

Limitations

The study's main setback lies in using data drawn only from banks listed in Nairobi Security Exchange in Kenya. The management and bank structure of listed banks are bound to differ from those of unlisted banks because of rapid competition between the banking sectors in Kenya.

Recommendations

Listed banks in Kenya should be committed to strengthen their Coercive institution's isomorphism and publish financial statements in line with existing regulations to enhance stakeholder confidence.

Funding: This research never received funding from external sources.

Acknowledgments: I am thankful for the support I received from the Department of Economic Finance and Accounting (EFA) staff, Kibabii University.

Conflict of interest: The authors declare no conflict of interest

References

Aaron B. (2011). Institutionalization, Coercive Isomorphism, and the Homogeneity of Strategy. *Advanced in Business Research*, Vol. 2(No. 1), 27-45.

- Andrade, C. (2011). How to write a good abstract for a scientific paper or conference presentation. *Indian Journal of Psychiatry*.
- Bageva B. (2010). The quality of published accounting information in Russia. *Issues in Accounting Education. Accounting Research, Accounting Horizon*, Vol. 21(No. 4), 387.
- Bananuka, J., Night, S., Ngoma, M., & Najjemba, M. (2019). Internet financial reporting adoption: Exploring the influence of board role performance and Isomorphism forces. *Journal of Economic, Finance and Administrative Science, Universidad EASAN.*, Vol. 4(48), 266-287.
- Barley, S., & Tolbert, S. (1997). Institutionalization and Structuration: Studying the links between action and institution. Retrieved from <http://digitalcommons.ilr.cornell.edu/articles/130/>
- Beata, G., Magdalena, A., & Adam, K. (2019). Application of Game Theory to Conflict Management in a Construction Contract. MDPI. Retrieved from www.mdpi.com/journal/sustainability
- Beest, F., Braam, G., & Boelens, S. (2009). Quality of Financial Reporting : Measuring qualitative characteristics. Nijmegen Center for Economics (NiCE), Institute for Management Research, Radboud University Nijmegen.
- Benhajji N., R. D. (2015). Patient-centered multi agent system for health care. *International Federation of Automatic Control*. Retrieved from www.sciencedirect.com
- Braam, G., & VanBeest, F. (2013). Conceptually-based FRQ assessment an empirical analysis on quality differences between UK annual reports and US 10-K reports.
- Chen, H., Tang, Q., Jiang, Y., & Lin, Z. (2010). The role of International Financial Reporting Standard in Accounting Quality: Evidence From the European Union. *Journal of International Financial Management and Accounting*, Vol. 21(3), 220-278.
- Coshran, W. G. (1963). *Sampling Technique*. (Vol. 2nd Ed.). New York: John Wiley and Sons, Inc.
- Dacin, M. (1997). Isomorphism in context: The power and prescription of institutional norms. *Academy of Management Journal*, Vol. 40(No. 1), 46-81.
- Davis, C. E., & C. Clements, W. K. (2003). Web-based reporting a vision for the future. *Strategic Finance*, 85(3), 44-49.
- DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, Vol. 48, 147-160.
- Frydenberg, E., & Lewis, R. (1993). *The Adolescent Coping scale: Practitioners Manual*. Australian Council for Education Research.
- Hair, J. J., Hult, G. T., Ringle, C., & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*.
- Hanen Jemal, Z. K. (2015, February). A Multi-Agent System for Hospital Organization. *International Journal of Machine Learning and Computing*, 5(1), 51-56.
- Hassan, E. K., & Essam, E.-S. (2019). The Shifted Alliance System of Last Nim Game. *Journal of Game Theory*, 38-41. doi:10.5923/j.jgt.20190802.03
- Hirst, D. E., Hopkin, P., & Wahlen, J. M. (2004). Fair values, income measurement, and bank analysis risk and valuation judgments. *The Accounting Review*, 79(2), 453–472.
- Jo, H., & Kim, Y. (2007). Disclosure frequency and earnings management. *Journal of Financial Economics*, 84, 561-590.
- Liang, H., Saraf, N., Hu, Q., & Xue, Y. (2007). Assimilation of Enterprise Systems: The Effect of Institutional Pressures and the Mediating Role of Top Management. *MIS Q*, 31, 59-87.
- Lodhia, S. K., Allam, A., & Lymer, A. (2004). Corporate reporting on the internet in Australia: An exploratory study. *Australian Accounting Review*. 44(3), 64-71.
- Lounsbury, M. (2008). Institutional rationality and practice variation: New directions in the institutional analysis of practice. *Accounting Organizations and Society*, Vol. 33, 349-361.
- Lyndsay, B., & Kevin, D. (2009). Different Kinds of Knowing: Generating Qualitative Data through Mobile Interviewing First Published March 23, 2009, Research Article:.

- Mafabi, S., Munene, J., & Ntayi, J. (2012). Knowledge management and organisational resilience: Organisational innovation as a mediator in Uganda parastatals. *Journal of Strategy and Management*, 5 (1), 57-80.
- Masocha, R., & Fatoki, O. (2018). The Impact of Coercive Pressures on Sustainability Practices of Small Businesses in South Africa. *Sustainability*, 10, 30-32.
- Munir Manini, D. M. (2019). Institutional Isomorphism and Adoption Of International Public Sector Accounting Standards By African Countries. *International Journal of Scientific Research and Management*, 7(5), 1148-1170.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory*. (3rd ed.) New York, NY: McGraw-Hill.
- Nyahas, S., Munene, J., Orobias, L., & Kaawaase, T. (2017). Isomorphic influences and voluntary disclosure: The mediating role of organizational culture. *ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS*. *Cogent Business & Management*, 4: 1351144.
- Nyor, T. (2013). Financial Reporting Quality of Nigeria Firms: users' perception. *International Journal of Business and Social Science*, 4(13), 273-279.
- Osterlind, S. J., & Tabachnick, B. G. (2001). *SPSS for windows workbook to accompany using multivariate statistics*. Needham Heights, MA: Allyn & Bacon. Publications, London.
- Richardson, V. J., & Scholz, S. (2000). Corporate reporting and the internet: Vision, reality, and intervening obstacles. *Pacific Accounting Review*, 11(2), 153-159.
- Scott, R. (2014). *Institutions and Organizations. Ideas, Interests, Identities*, Sage.
- Shonk, D. J., & Bravo, G. (2010). Interorganizational support and commitment: A framework for sporting event networks. *Journal of Sport Management*, 24(30), 272-290.
- Tolbert, P. S., & Zucker, L. G. (1994). Institutional analyses of organizations: Legitimate but not institutionalized. *Biotechnology studies*. 6(5), 1-45.
- Tsamenyi, M., Cullen, J., & Gonzalez, J. (2006). Changes in accounting and financial information system in a Spanish electricity company: A new institutional theory analysis. *Management Accounting Research*, Vol. 17, 409-432.
- Tuttle, B., & Dillard, J. (2007). *Beyond competition: Institutional Isomorphism in U.S.*
- Williams, B., Onsmann, A., & Brown, T. (2010). Exploratory factor analysis: A five-step guide for novices. *Australasian Journal of Paramedicine*, 8(3), 1-13.
- Yamane, T. (1967). *Statistics, An Introductory Analysis*, 2nd Ed., New York: Harper and Row.