

MAKERERE



UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

**SOCIAL NETWORKS, STAKEHOLDER ENGAGEMENT, LEGITIMACY, AND
INTEGRATED REPORTING AMONG MANUFACTURING FIRMS IN KAMPALA
CENTRAL REGION**

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**A DISSERTATION SUBMITTED TO MAKERERE UNIVERSITY BUSINESS
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OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE OF
MAKERERE UNIVERSITY**

PLAN A

OCTOBER, 2024

DECLARATION

I, **MWEBAZE BRUNO**, declare that this work is of my own efforts and has never been submitted for any award to this University or any other institution of higher learning.

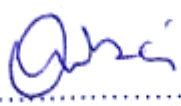
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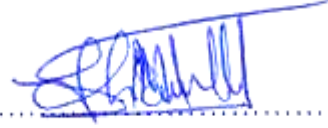
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APPROVAL

This report has been submitted with our approval as the appointed student's supervisors by Makerere University Business School.

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DEDICATION

This dissertation project is dedicated to my dear wife Mrs. Kwarisiima Sandra Mwebaze whose unwavering support, encouragement, and patience have been my guiding light throughout this journey. To my esteemed academic supervisors, (CPA Prof. Laura A. Orobia and CPA Frank Kabuye), your expert guidance, valuable feedback, and constructive criticism shaped this dissertation into its present form. Your mentorship has been invaluable. My friends (Mr. Anold Mugume, Mr. Ezera Aturinda, Mr. Mathew Ntaganira, and Mr. Wasswa Jason), I am humbled by your friendship and kindness towards my personal and academic growth.

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LIST OF ACRONYMS

CSR	Corporate Social Responsibility
ESG	Environmental, Social and Corporate Governance
IR	Integrated Reporting
ICPAU	Institute of Certified Public Accountants of Uganda
PAF	Pan African Federation of Accountants
UMA	Uganda Manufacturers Association
NGOs	Non-Governmental Organizations
UK	United Kingdom
IIRC	International Integrated Reporting Council
FiRe Awards	Financial Reporting Awards
OECD	Organisation for Economic Co-Operation and Development

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ABSTRACT

The purpose of this dissertation was to report the results of the study on Social Networks, Stakeholder Engagement, Legitimacy, and Integrated Reporting. The study investigated whether social networks, stakeholder engagement, and legitimacy have an impact on integrated reporting among manufacturing firms in Kampala central region.

The study adopted a cross-sectional research design, combined with and quantitative (descriptive and inferential) research approach. The data were collected using a questionnaire survey from a sample of 242 large and medium manufacturing firms within districts of Kampala central region of which 241 responded. The unit of analysis were manufacturing firms and units of inquiry were Chief Finance managers, Internal Auditors, and General Managers of manufacturing firms in the Kampala central region. Data were analysed through correlation coefficients and regressions using Statistical Package for Social Sciences.

Results revealed that Stakeholder engagement and Legitimacy are significant predictors of Integrated Reporting while Social Network is not. These findings are consistent with the predictions of the integrated reporting adoption and disclosure literature. Overall, stake holder Engagement, Social Network and Legitimacy explain 67.1 percent of the variance in Integrated Reporting.

CHAPTER ONE

1.0 Introduction

This chapter presents the background of the study, statement of the research problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and the conceptual framework.

1.1 Background of the Study

The belief that modern organizations' have responsibility for their stakeholders, community and society has existed for many decades (Carroll & Shabana, 2010). In this context, there is increasing demand from stakeholders for the non-financial factors for example Corporate Social Responsibility (CSR), Natural and Human capitals for making the appropriate business decision (ECCLES & Saltzman, 2011). This Information of the organization is therefore required to not only disclose relevant and reliable information, but also monitor corporate executives. In the other side, corporation reports are criticized as they do not provide the whole business picture of the way organizations organize financial and non-financial elements to creating value yet. It has ignored or reported just a part of the environmental, social and corporate governance (ESG) impact made by an organization (Flower, 2015). As a consequence, there has been a call for improving firm report on environmental, CSR and corporate governance in particular and additional factors that can potentially impact on business performance in general. Recently, various corporations reports related to environmental, social activities and sustainability have been introduced, and Integrated Reporting (IR) is one of them.

Integrated Reporting (IR) is an important tool in improving the understanding of the relationship between financial and non-financial factors that determine an organization's performance and of how a company creates sustainable value over time (Triodos Investment Management). IR helps organizations to better understand how businesses are addressing their current and future challenges, and how they employ their resources and relationships to create value overtime (Lether, 2022). This greatly helps not only organizations but also other stakeholders, for example investors, to make improved assessments and decisions. Integrated Reporting (IR) is gaining momentum in both developed and developing countries because of its potential to change the critical

thinking of corporate actors (Bananuka, Tumwebaze and Orobia, 2019; Gunarathne and Senaratne, 2017). Integrated reports give organizations a holistic view of business performance, integrates thinking within the organization, succinctly communicate every aspect that has an impact on organization's profitability, improve reputations and relationships, enable a firm to know and understand the information needs of its stakeholders, and develops organization's ability to set up right processes. Thus, the need for all companies to adopt integrated reporting. Globally, it has been reported that in more than 70 countries, only over 2,500 companies embraced the concept of Integrated Reporting in their financial reporting (IIRC; 2020).

In Uganda, there exist numerous efforts and initiatives to increase IR adoption by both international organizations like OECD, Professional bodies like ACCA, ICPAU, among other stakeholders. For instance, the Institute of Certified Public Accountants of Uganda (ICPAU) has steered this agenda through its popular Financial Reporting (FiRe) Awards event, and as of April 2022, ICPAU is setting up a national Integrated Reporting Committee –The Uganda Integrated Reporting Committee; whose main objective is to serve as an influential voice that promoted and supported the adoption of integrated reporting and sustainability reporting in Uganda. However, despite the interventions by various players, IR is still dismal. ICPAU, in its concept note for Uganda Integrated Reporting Committee; 2022 reveals that while there is a growing awareness of IR in Africa, only a few countries have embraced it. According to the Pan African Federation of Accountants (PAFA, 2020), only eight countries have made some progress in its adopting and implementation. The nature and size of businesses, inadequate resources, little or no stakeholder demand, rigid culture and leadership, and the voluntary nature of IR in Uganda could be the barriers still impeding the IR progress in the country.

There exist several previous studies that have employed various theories to explore the drivers, barriers, preparers' perceptions to voluntary adoption of Integrated Reporting (Arora et al., 2021; Fernandes & Barbosa, 2022; Graaff & Steens, 2023). The extant literature has focused on large corporations, SMEs, or Micro Enterprises in developed countries like the UK, India, China, Singapore, Asia, and so on, assessing the quality and extent of IR disclosures in both Voluntary and mandatory contexts, and examine the

impact of IR on financial performance (Manes-Rossi et al., 2020; Buallay et al., 2020; Nguyen et al., 2021). By contrast, less attention has been given to developing countries like Uganda except for Bananuka et al (2019) whose study targeted only 16 listed firms on Uganda Securities Exchange which is a small stock market. This could be attributed to the fact that IR adoption in Uganda is still voluntary, unlike in some countries like South Africa where it's Mandatory.

Organizations front varying reasons for IR adoption. Robertson and Samy (2020) conducted semi-structured interviews with senior executives actively involved in Integrated Reporting and found that the rationale for IR was predominantly sociological rather than economical. Relatedly, other scholars have called for more studies to examine other factors that enhance the Integrated Reporting adoption (Kezaabu et al 2023). Therefore, in this study, the researcher used Social Network, Stakeholder, and Legitimacy theories to explain the influence of social networks, Stakeholder engagement, and Legitimacy on Integrated Reporting. Firms in a structured social network(s) that involves open behavioral beliefs and integrated reporting orientations are more likely to embrace it than they would if they didn't. (Granovetter, 2005). Similarly, a Firm is more likely to adopt integrated reporting if it actively engages its various stakeholders in order to be able to satisfy their information needs (Songini and Pistoni 2015). Furthermore, firms are more likely to adopt integrated reporting in order to remain legitimate in the environments in which they operate. This study therefore, adopts Social Network, Stakeholder, and Legitimacy theories to enhance Integrated Reporting.

1.2. Statement of the problem

Manufacturing firms would achieve more financial stability and sustainable development if they embraced a strategic and future-oriented reporting approach that connects their sustainability practices to their financial results. However, despite the alleged benefits, and interventions by various stakeholders to promote and support integrated reporting (IR) adoption, IR among manufacturing firms in Uganda remains dismal (ICPAU, 2021). For instance, in Uganda, the IR adoption rate remains below 10% (FiRe Awards 2021). The current situation is probably due to firms' poor links with their networks, failure to identify and satisfy the legitimate needs of the stakeholders from the environment in

which they operate, inadequate resources, and IR not being mandatory in the country, among other factors. Some scholars have tried to conduct studies on integrated reporting within the East African region using secondary data or interviews; and very few with a questionnaire survey. Other related studies have concentrated on factors influencing voluntary disclosures (Barako, Hancock and Izan, 2006), quality of financial reporting (McFire, 2010), and quality of corporate environmental reporting (Wangombe, 2013); using either one or two theories. Moreover, available studies providing a relevant framework for understanding integrated reporting have ignored social networks, stakeholder engagement, and legitimacy in explaining IR. This study, therefore, adopts social networks, Stakeholder engagement, and Legitimacy for an elaborate explanation of integrated reporting adoption among the manufacturing firms in the Kampala central region.

1.3. Purpose of the Study

To examine the relationship between social networks, stakeholder engagement, legitimacy, and integrated reporting among manufacturing enterprises in Kampala Central Region

1.4. Study Objectives

The study seeks to achieve the following objectives:

- i) To examine the relationship between Social Networks and integrated reporting among manufacturing enterprises in Kampala Central Region.
- ii) To examine the relationship between Stakeholder Engagement and integrated reporting among manufacturing enterprises in Kampala Central Region.
- iii) To establish the relationship between legitimacy and integrated reporting among manufacturing enterprises in Kampala Central Region.

1.5. Research Questions

This study was guided by the following questions:

- i) What is the relationship between Social Networks and integrated reporting among manufacturing enterprises in Kampala Central Region?

- ii) What is the relationship between Stakeholder engagement and integrated reporting among manufacturing enterprises in Kampala Central Region?
- iii) What is the relationship between legitimacy and integrated reporting among manufacturing enterprises in Kampala Central Region?

1.7. Scope of the Study

1.7.1. Content Scope

The study focused on Social Networks, Stakeholder engagement, and legitimacy as the independent variables, while integrated reporting is the dependent variable.

1.7.2 Geographical Scope

The study population consisted of registered Manufacturing Enterprises in the Central Kampala given that this region has the highest number of registered Manufacturing firms and the greatest business concentration, and due to their formal nature, they can be easily accessible.

1.8. Significance of Study

The study shall provide useful information that can facilitate the development of policies and programs for integrated reporting in Medium and Large Manufacturing Enterprises.

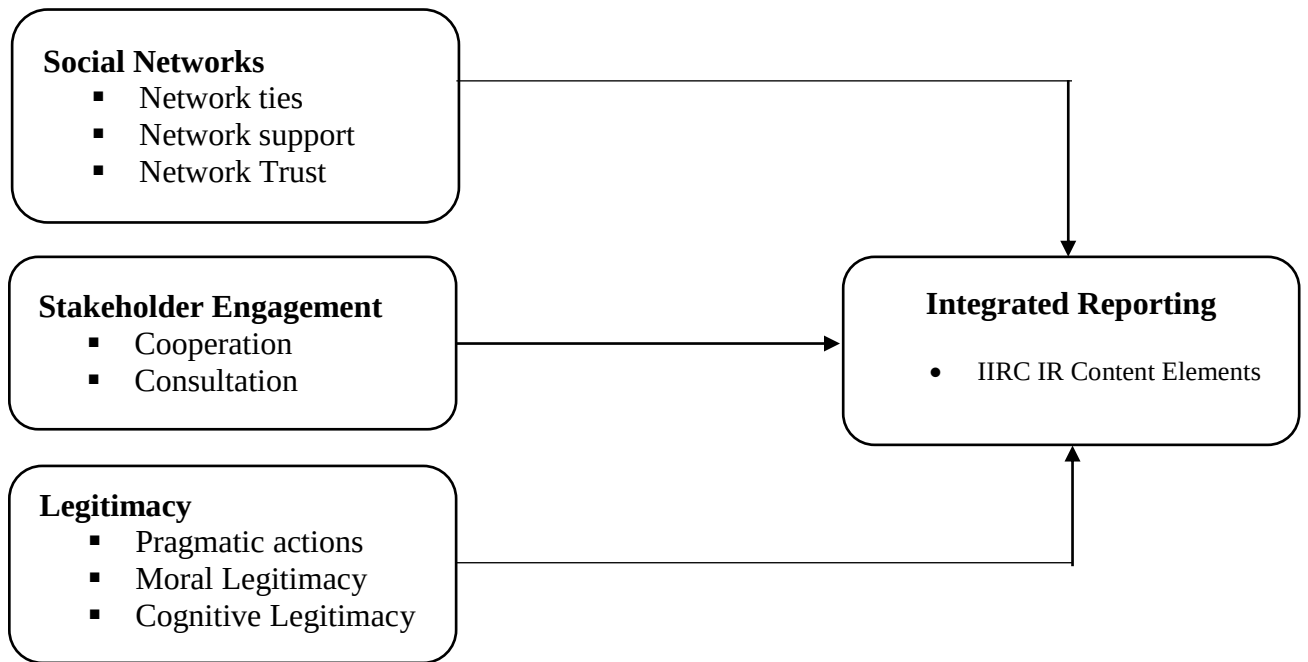
It is expected to provide empirical evidence that can be used for future studies; contributing to the scanty literature relating to integrated reporting in developing countries like Uganda.

1.9. Conceptual Framework

This study's dependent variable is integrated reporting whereas social networks, Stakeholder engagement, and legitimacy are the independent variables. The underlying tenet of this conceptual framework is that when enterprise uptake and share information from its social networks, understands and satisfies the legitimate needs of its stakeholders, its value system was in conformity with the value system of the larger entity or community; which consequently, have an effect on its decision making. Social networks, Stakeholder engagement, and legitimacy have an effect on the firm's decision to adopt integrated reporting.

Social networks were measured in terms of ties, support, and trust; conceptualized as attributes of individuals (actors) in structured relationships and linkages (ties) that individuals secure in networking (Granovetter, 1973; Aldrich & Zimmer 1986). Stakeholder engagement were measured in terms of consultation and cooperation; conceptualized as the relationships between the enterprise and its various stakeholders who constitute the environment; implying that if this relationship improves, there was likelihood to translate into IR. The legitimacy was operationalized in terms of pragmatic, moral, and cognitive legitimacy; implying that firms' decision to adopt IR may be positively influenced in a bid to improve, or repair its legitimacy in the society it operates. The integrated reporting was operationalized in terms of the content elements of an integrated report as enshrined in the International Integrated Reporting Framework of 2013.

Figure 1: Conceptual Framework



Source: Developed from theoretical underpinning and literature review (Granovetter, 1973; Aldrich & Zimmer, 1986; Allen, 2012; Uzzi, 1996, Freeman, 1984; Donaldson & Preston, 1995; Grafe- Buckens and Hinton, 1998 and Green and Hunton-Clarke, 2003 and Dowling & Pfeller, 1975, Deegan, 2002; Alexiou, 2017).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The purpose of this chapter was to analyze the literature from articles that are related to the study objectives and variable so as to improve the researchers' knowledge of the study and to also identify the knowledge gap that this study filled.

2.1. Theoretical framework

2.1.1 Social Network Theory

Social Network Theory (SNT) asserts that social actors that include individuals, groups, and organizations or some other formation of individuals who interact with one another are related to others through ties (strong or weak ties) (Allen, 2012; Fredericks & Durland, 2005). The theory is centrally concerned with structured relations among persons or organizations that create, disseminate, and utilize various types of knowledge (Dunn, 1983).

The theory assumes that social networks help actors to acquire; share and exchange information and resources that empower them to be more effective in the management of their day-to-day businesses than they would if they don't have such exchange (Allen, 2012). In a related study conducted by Rinaldi et al., (2018); investigating social influences on the UK integrated reporting adoption and implementation, key findings highlighted that one of the main reasons for adoption and implementation difficulties within organizations was a lack of guidance and leading practice examples. This suggests that organizations may benefit from the identification and use of social networks and agents who are familiar with and can provide information and broader experience to potential users and early adopters of, hence social network influences may assist in the adoption and implementation of Integrated Reporting. This concurs with Robertson (2021) who asserts that social network influences aid the diffusion and implementation of Integrated Reporting.

This theory shall help the researcher to examine how firm's structured relationships with other actors that include among others; individuals, organizations, professional bodies,

regulators, and other social networks relate to its integrated reporting adoption among Manufacturing firms in the Kampala Central region.

2.1.2. Stakeholder theory

Stakeholder Theory was founded by Freeman (1984), the theory proposes that a firm's real success depends on satisfying all its stakeholders, not just the share/stockholders. Stakeholders can affect or be affected by the operations and practices of the firm. These are individuals or groups who have a stake in a firm and include customers, employees, potential investors, lenders, suppliers, regulators, and communities (Barnett, 2007).

The theory assumes that stakeholders have the power to influence the actions of an enterprise (Barnett, 2007), and therefore businesses need to report adequate information to meet the needs of all stakeholder groups; it is imperative that enterprises devise a means to address the ever-changing demands brought about by different stakeholders having legitimate stakes of dissimilar needs in the firm (Elijido-Ten, 2007). Stakeholder theory emphasizes that an organization needs to meet the objectives of its various stakeholders. Interaction with stakeholders should involve mutually satisfying, reciprocal relationships between shareholders and the organization. In a related study by Duong et al., (2021), 'Stakeholders' views on Integrated Reporting – A case study in Vietnam, found that knowledge about IR in Vietnam is low. However, majority of the stakeholders are eager to learn more about it. Most businesses in Vietnam have not yet discovered its benefits as well as its implementation process. Therefore, it's necessary for organizations to engage various stakeholders to equip them with knowledge, and provide technical support through training, coaching, seminars, conferences, among other avenues.

This theory shall help the researcher to establish how firm stakeholder engagement interactions and participation through consultation, and cooperation relates to Integrated Reporting.

2.1.3. Legitimacy theory

According to Suchman (1995), legitimacy is “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Lindblom (1994) defines

legitimacy as “a condition or status, which exists when an entity’s value system is congruent with the value system of the larger societal system of which the entity is a part”.

The theory assumes a social contract between organization and society, and believes that “organizations can only continue to exist if the society in which they are based perceives the organization to be operating to a value system” (Gray et al., 2009)

Legitimacy is dynamic in that the relevant publics continuously evaluate corporate output, methods, and goals against an ever-evolving expectation (Lindblom, 1994). He further argues that when a disparity, actual or potential exists between the two value systems, there is a threat to the entity’s legitimacy”. The disparity between an organization’s value system and the societal value system is referred to as the legitimacy gap (Liu and Anbumozhi, 2009). Suchman (1995) proposes three different legitimacy conceptions: Pragmatic Legitimacy, Moral Legitimacy, and Cognitive Legitimacy. **Pragmatic legitimacy** means that if organizational actions or policies benefit relevant members of the public, the relevant public may see these organizational actions or policies as legitimate. **Moral Legitimacy** reflects the notion that the relevant public may see organizational actions as legitimate when they judge these actions or policies to be “the right things”. **Cognitive Legitimacy** is based on the relevant public’s cognition rather than on their benefit or moral judgment. Organizations are perceived to be cognitively legitimate if their actions follow the pre-existing pattern of other organizations that are comprehensible and familiar to the relevant public.

Maama et al., (2020) in a study that examined the IR practices of thirty-three (33) firms listed on the Ghana’s stock exchange from 2005-2018, evidence showed that the organizations made increased positive environmental and social disclosures, as opposed to providing balanced disclosures, suggesting that firms used integrated reporting to manage their respective images. Thus, organizations may use IR practices as a strategy to improve their respective public images and obtain public acceptance.

This theory shall therefore help the researcher to examine how firm pragmatic actions, moral legitimacy and cognitive legitimacy relate to Integrated reporting.

2.2. Definition of the key Terms

2.2.1 Integrated Reporting

The International Integrated Reporting Council (2013) defines integrated reporting as a communication of the company's short, medium, and long-term value creation propositions by providing "a concise communication about how a company's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium, and long term". IIRC has identified eight content elements as critical in guiding the adoption of integrated reporting in a manner that provides each company's unique value-creation story, including connections between the content elements. These content elements include; Organisational overview and external environment, Governance, Opportunities and risks, Strategy and resource allocation, and Business Model. Performance and Future Outlook. The companies do not report only to investors but also to other stakeholders such as customers, employees, local communities, regulators, and suppliers.

2.2.2 Social networks

According to the Cambridge dictionary, 'social network' is termed as the amalgamation of ties among actors. Social networks are formally defined as nodes (or network members) tied by one or more types of relations. (Wasserman and Faust, 1994). A social network is a set of socially relevant nodes connected by one or more relations. Nodes, or network members, are the units that are connected by relations whose patterns we study. These units are most commonly persons or organizations, but in principle, any units that can be connected to other units can be studied as nodes. These include web pages (Watts, 1999), journal articles (White et al., 2004), neighborhoods, departments within organizations (QuanHaase and Wellman, 2006), or positions (Boardman and White, 1976). Social networks help actors acquire, share and exchange information and resources that empower them to be more effective in managing their day-to-day businesses than they would if they don't have such exchange (Allen, 2012). Social networks give rise to various social functions; social influence, social control, social undermining, social comparison, companionship, and social support.

2.2.3. Stakeholders

According to the definition provided by IIRC (2013), Stakeholders are “those groups or individuals that can reasonably be expected to be significantly affected by an organization’s business activities, outputs or outcomes, or whose actions can reasonably be expected to significantly affect the ability of the organization to create value over time”. IIRC (2013) advocates that “an integrated report benefits all stakeholders interested in an organization’s ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policymakers”.

2.3 Review of empirical literature on the relationships between the study variables

2.3.1. Social networks and integrated reporting

According to Rinaldi et al. 2018; Dumay et al. 2016), despite the growing interest in Integrated Reporting academic research, limited research has considered the journey in its entirety, and the extent to which social network influences the process. Social networks can influence human behavior; it is one of the main driving forces for environmental change (Barnes et al., 2016). Relatedly, Hansen (1999) opined that strong ties between business units facilitate the transfer of complex knowledge whereas weak ones are sufficient for less complex knowledge. Powell et al. (1996) argue that Firms in knowledge-based industries that fail to establish requisite connections with other industry firms may suffer from the “Liability of connectedness”—a reduced capacity to participate in the ongoing process of learning and innovation that lead to firm growth. Some organizations may suffer from this liability in the sense that organizational members fail to develop strong bonds of trust with important actors inside and outside the organization. In relation to Integrated Reporting, these actors may include company employees, powerful and influential bodies such as accountancy and sustainability consultancies, standard setters, government bodies, and NGOs. In affirmation, Ghoshal and Bartlett (1990) found out that networks in various environment business units succeed or fail depending on how well the network shares expertise, learning, and resources among the interacting units. Although many factors influence innovation diffusion, academics have consistently found that interpersonal contacts within and between social systems are very important influences on adoption behavior (Valente and Davis, 1999). The social system

is defined by Rogers (2003) as ‘a set of interrelated units that are engaged in joint problem-solving to accomplish a common goal’. The social system refers to the social network surrounding a potential adopter, opinion leaders within that network, change agents, and organizational characteristics (Greenhalgh et al., 2004; Rogers, 2003). Dabphet et al. (2012) assert that social networks can help create and transform the intention to change within the target system into action. Relatedly, Henry (2018) in a study “learning sustainability innovations” found that firms struggle to implement novel and promising sustainability practices broadly. The study also found that for an enterprise to pursue sustainability practices innovations requires social and strategic learning and this can only be achieved in informal social networks among various actors who can contribute to the learning of such sustainability innovations. Social relationships influence access to information, new behaviors as well as the potential for sustainability innovations. Based on the aforementioned literature, we therefore hypothesize:

H1: Social Networks in terms of ties, support, and trust are positively related to Integrated Reporting.

2.3.2. Stakeholder engagement and Integrated Reporting

As a result of globalization, industrialization, and technology, businesses are changing in their nature, and stakeholder relationships require more attention from business owners/managers beyond their traditional responsibilities of control and monitoring of enterprise to a proactive role (Moses et al., 2020). Therefore, the importance of the future of the planet, people, resources, and the welfare of stakeholders brings to bear the concept of sustainability innovations and practices to be studied (Moses et al., 2020). Since the formation of the International Integrated Reporting Council (IIRC) in 2010, the concept of Integrated Reporting has increased in relevance and importance (de Villiers et al., 2014; Dumay et al., 2016) and responds to a growing demand for a broader, more holistic and future-oriented range of decision-useful information from a variety of stakeholders (de Villiers et al., 2017). Further research highlights a number of difficulties encountered by integrated Reporting adopters, among which is balancing the interests of multiple stakeholders, further, Integrated Reporting has been shown to restore legitimacy by actively managing the engagement with key stakeholders. (Lodhia 2015; Parrot and

Tierney, 2012). According to Edelman Trust Barometer (2019), trust in UK businesses remains low, at 47 percent in 2019, and this may decline unless businesses engage with the stakeholders, and demonstrate solutions to public concerns. Relatedly, Adhariani and de Villiera (2018), based on a survey of Indonesian firms, found that the majority of corporate report preparers and other stakeholders had a strong interest but a low level of knowledge of integrated reporting and highlighted a need for IR training, through teaching, seminars, consultations, conferences, and inclusion of IR in university curricula to educate current and future report preparers and stakeholders. Hoffman (2012), while looking at IR implementation in South Africa, identifies that a key challenge is to get buy-in and involvement from all the main internal stakeholders and he highlights that the most successful implementations in South Africa have included involvement from Finance, Sustainability, HR, Risk Management and Strategy, Corporate Communications and Investor Relations, Stakeholder Engagement; Performance Reporting; Governance and Regulatory; Operations Management; and Information Technology functions. Therefore, further diffusion of IR within organizations would benefit from broadening the participants involved in implementation to encompass a greater number of relevant functional areas. Value creation by embracing all stakeholders fits in ideally with the nature of IR (Haller and Van Staden, 2014). Likewise, Conway (2019) also argues that “the rationale behind IR is underpinned by stakeholder theory”. Songini and Pistoni (2015) believe that IR can satisfy the information needs of the overall stakeholders’ categories. Similarly, Eccles et al. (2010) also see IR as a channel of communication for all stakeholders. Steenkamp (2018) also concurs with this; and believes that IR aims to enhance accountability for stakeholders via integrated reports. In addition, according to Ambler and Wilson (1995), the Stakeholder theory is criticized because it may lead to inefficiency and sub-optimality generally because of conflicts among stakeholders. Similarly, Jensen (2001) believes ‘whereas value maximization provides corporate managers with a single objective, stakeholder theory directs corporate managers to serve many masters, and to paraphrase the old adage, when there are many masters, all end up being short-changed; and he further posits that without clarity of mission by a single-valued objective function, companies embracing stakeholder theory experienced managerial confusion, conflict, inefficiency, and perhaps even competitive failure.

However, Conway (2019) points out that this criticism of stakeholder theory is not a problem for Integrated Reporting (IR) because IR clarifies the aim of a company by clearly disclosing the company's objectives and strategy; thus, decisions are made closely surrounding the aim and trade-offs between stakeholder interests are "necessary and acceptable". Based on this literature, we, therefore, hypothesize that:

H2: Stakeholder Engagement is positively related to Integrated Reporting.

2.3.3. Legitimacy and Integrated Reporting

Corporate reports have been regarded as a critical source of legitimation (Dyball, 1998; O'Donovan, 2002). Both mandatory disclosures and voluntary disclosures can lead to legitimization (Magness, 2006; Lightstone and Driscoll, 2008). Corporate reports, such as integrated reports, are regarded as documents that facilitate companies achieving organizational legitimacy (Chu et al., 2013). This implies that organizations prepare IR to gain, maintain or repair their legitimacy to ensure continued access to resources (De Villiers and Maroun, 2017). In affirmation, Melloni et al., (2016) posit that Managers may prepare integrated reports to manipulate others' perceptions of their companies by selective reporting of favorable information. Relatedly, Albetairi et al. (2018) examined the extent of IR disclosures of Bahraini-listed insurance companies and found that a high practice of performance indicator disclosures in a firm's integrated report is associated with poor financial performance of the firm. The duo explained their results using legitimacy theory; a company whose legitimacy is threatened tends to increase the extent of IR disclosures to enhance its communication with stakeholders, gain a better reputation, and maintain legitimacy. Velte and Stawinoga (2017) term IR as a tool to communicate organizational legitimization actions; therefore, an organization's image is enhanced by being a qualified corporate citizen. Nicolo et al. (2021) found a relationship between European SOEs' environmentally and socially sensitive industry membership and the extent of IR disclosures. Based on legitimacy theory, Nicolo et al. (2021) argue that environmentally sensitive companies are likely to make more IR disclosures to show that they are operating within accepted environmental, and socially sensitive companies tend to make more IR disclosures to repair their legitimacy. Conclusively, to gain legitimacy, an enterprise needs to improve its sustainability innovations and practices,

such that its behavior could be recognized by society (Li & Ji, 2020). We therefore seek to establish this relationship and hypothesized that:

H3: There is a positive relationship between Legitimacy and Integrated Reporting

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section discusses the methodology used to conduct the study. It specifies the research design, the study population or the area, in which the study was done, the sampling design, the sample size, data sources, data collection instruments, and the validity and reliability of the data collection instruments.

3.1 Research design

This study was cross-sectional where data was collected at a particular time. This kind of design is suited for studies aimed at finding out the prevalence of a phenomenon, situation, problem, or attitude by taking a cross-section of the population at a given time. The study uses a combination of descriptive and analytical procedures to examine the relationships between social networks, Stakeholder engagements, legitimacy, and integrated reporting. This kind of research design is typically based on a large sample (Churchill & Iacobucci, 2004). It describes specific characteristics of the study variables and generates data that allows for relationships or associations between variables to be identified (Sekaran, 2000).

3.2 Study Population and sample size

The study population consisted of 606 manufacturing firms located in the central region of Uganda out of 1221 manufacturing firms listed by Uganda Manufacturers Association's (UMA website, 2021). Manufacturing firms were selected because they mostly have long-term orientation, and their operations have direct effects on society and environment, thus more likely to adopt IR. Based on the population of 606 manufacturing firms in central region Kampala, a sample size of 242 manufacturing firms was determined using the Krejcie and Morgan (1970)'s Table of sample size determination. Manufacturing firms in central region was used as study population because they can easily be accessed given that there is high concentration in the central with 49.7% of the total manufacturing firms are located in the central region (UMA website, 2021). Therefore, the findings from this population can easily be generalized to other manufacturing firms in other regions.

3.3 Sample Size and Sampling Design

The sample size of the study consisted of 242 manufacturing firms based on Krejcie and Morgan (1970) table of sample selection. Krejcie and Morgan formulae is preferred because it accurately determines samples when estimating population proportions at a specific probability compared to other formulas such as Cochran's (1977) formula (Johnson et al 2019). The researcher used stratified random sampling technique to group manufacturing firms into groups referred to as strata. This sampling technique was used because it allows selection of a sample that is in proportion to the size of each stratum in the population (Kumar, 2005) and the researcher was able to study all extremes of the population. The sample was selected using the lottery method of simple random sampling where the researcher gave each firm a number and draw numbers from the box randomly without replacement to get a total sample of 242 manufacturing firms.

The unit of analysis was manufacturing firms in the central region of Uganda, and the unit of inquiry being Chief Finance Officer, General Manager, and Internal Auditor. According to Mistry et.al, 2016, these form part of key players in preparation and usage of integrated reports in an organisation.

Table 1: Population Size and Sample.

Firm Category / Size	No. of manufacturing firms	Sample size
Corporate	21	9
Large	58	23
Medium I	158	63
Medium II	369	147
Total	606	242

Source: Data obtained from Uganda Manufacturers Association, 2021.

3.4 Data Source and Collection Instruments

Primary data constitutes the main data source. This was collected using closed end questionnaires designed to capture information that would help in answering the research questions. The primary data was obtained through the use of self-administered questionnaires to respondents following the systematic and established procedures as suggested by some researchers like Cooper and Schindler (2003). The questions in the questionnaire were close-ended and anchored on a 6-point Likert Scale of “Agree completely, without any doubt” (1) to “Completely disagree without doubt” (6). The questionnaire divided into Section A -Background Information, Section B-Integrated reporting, Section C-Social Networks, Section D-Stakeholder engagement, and Section E-Legitimacy.

3.5 Validity and Reliability of the data collection instrument

3.5.1 Validity

According to Field (2009), Validity is the degree to which the research instrument measures what it is intended to measure. To ensure content validity, the questionnaires were tested before their final administration by the use of professionals and experts to crosscheck whether the instrument was valid. Content Validity Index (CVI) was computed.

Table 2: Validity of the instrument

Variable	Content Validity index	Total number of item valid (K)	Total number of Items (N)
Social networks	0.823	14	17
Stakeholder Engagement	0.846	11	13
Legitimacy	0.888	16	18

Source: Primary data

From Table 3 above, the computed content validity index for all the constructs range between 0.823 and 0.888 which are above the threshold of 0.6. Thus, the variables under each construct are relevant and accurate to measure the constructs

3.5.2. Reliability

Reliability is the measure's ability to produce the same results under the same conditions, and it is the second way of ensuring that the measurement error is kept to a minimum (Field, 2009). This study used a more reliable and commonly used measure of scale reliability, Cronbach's alpha (α) (Nunnally, 1978), to determine the internal consistency of the scales. According to Nunnally (1978) and De Vellis (2003), a cut-off alpha coefficient points of 0.70 is sufficient enough to prove that the item scales are consistent and dependable, it is also enough to conclude that the instrument was reliable. Cronbach α coefficient was computed using SPSS.

Table 3: Reliability Coefficient for each variable

Variables	Cronbach's Alpha	Number of items
Social Networks	.732	13
Stakeholder engagement	.726	11
Legitimacy	.814	14

Source: Primary data

According to Nunnally, (1978) and Field, (2009) recommended a cut-off alpha coefficient of 0.7 is sufficient to prove that the instrument is reliable. Therefore, the reliability coefficients of the research instruments were .732, .726, and .814 for social networks, stakeholder engagement, and legitimacy respectively. Since the alpha coefficient values are higher than 0.7 implies that the instrument was reliable.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

The chapter presents analyses of the results of the data collected based on the objectives formulated in chapter one. This chapter provides the descriptive statistics, correlations, and regressions. These tests were based on the following objectives;

- To examine the relationship between firm Social Networks and integrated reporting among manufacturing enterprises in Kampala Central Region
- To examine the relationship between Stakeholder engagement and Integrated Reporting among manufacturing enterprises in Kampala central Region
- To establish whether Legitimacy relates to integrated reporting among Manufacturing enterprises in Kampala Central Region

4.1 Demographic Characteristics of the Respondents

The study sought information on the respondents regarding their demographic profile which included position in the organisation, professional accounting course, age, gender, nature of the company, and firm's operating period. Results are in table 4 below:

Table 4: Characteristics of respondents (N=221)

Parameter	Frequency	%
Your position in organisation		
Chief finance officer	77	34.8
General Manager	94	42.5
Internal Auditor	50	22.6
Total	221	100.0
I have done professional accounting course		
Yes	139	62.9
No	71	32.1
Total	221	100.0
Age of the respondent		
35 years & below	145	65.6
Above 35 years	76	34.4

Total	221	100.0
Gender of the respondents		
Male	122	55.2
Female	99	44.8
Total	221	100.0
Nature of the company		
Locally owned	154	69.7
Foreign owned	67	30.3
Total	221	100.0
The business has been operating for		
Less than 5 years	38	17.2
5-10 years	86	38.9
11-15 years	72	32.6
15-above	25	11.3
Total	221	100.0

Source: primary data

The study consisted different respondents and majority of the respondents were the general managers with 42.5% followed by 34.8% who were the chief finance officers and the least 22.6% were the internal auditors. This suggested that the study considered favorable type of the respondents with adequate information and knowledge about social networks, stakeholder engagement, legitimacy, and integrated reporting among manufacturing enterprises in Kampala Central Region.

The findings revealed that majority of the respondents who participated in the study had done a professional accounting course with the highest percentage of 62.9% and the least of 32.1% had no professional counting course. This suggested that all views used in this study were from the respondents with expertise and knowledge on social networks, stakeholder engagement, legitimacy, and integrated reporting among manufacturing enterprises in Kampala Central Region.

The majority of respondents at 65.6% was between 35 years and below, followed by 34.4% who were above 35years. This suggests that the youth mostly participated in the study, and are mostly recruited by manufacturing enterprises in Kampala Central Region because they are energetic enough and open-minded to learn about new sustainability innovations.

The sample consisted of a slightly higher proportion of males at 55.2% compared to females 44.8%. This suggested that males are somewhat more represented among the respondents. This was because of the nature of activities involved in the manufacturing enterprises which favour more male employees than females.

The study revealed that majority of the respondents at 69.7% was locally owned companies, followed by 30.3% foreign owned. This means that the study mostly focused on local manufacturing enterprises than foreign-owned due to the fact that IR adoption rate of these local companies remains below 10% due to firms' poor links with their networks, failure to identify and satisfy the legitimate needs of the stakeholders from the environment in which they operate, inadequate resources, and IR not being mandatory in the country, among other factors which is not highly the case with foreign owned companies.

The study revealed that majority of the companies included in the study was in operation for the period between 5-10 years at 38.9%, followed by those who have been in the business for the period between 11-15 years and the least had stayed in the business for the period less than 5 years; this suggested that the study considered those companies who had enough and reliable information pertaining the topic of the study.

4.2 Descriptive statistics of study variables

The summary descriptive statistics of the dependent, independent and control variables included in the analyses are presented in the table below. The purpose of descriptive statistics is to check whether the calculated means represent the observed data, that is, whether the mean is a good replica of reality (Field, 2009 and Saunders et al., 2007). The descriptive statistics of the variables cover means, standard deviations, minimum and maximum values to summarize the observed data

Table 5: Descriptive Statistics for Dependent, independent, and control Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Integrated Reporting	221	1.62	4.41	3.3193	.63277
Stakeholder Engagement	221	.28	.78	5.4968	.11899
Legitimacy	221	.35	1.08	6.3846	.16910
Social Networks	221	.37	1.08	5.8552	.16884
Valid N (listwise)	221				

Results from Table 5 above indicated Integrated Reporting with a mean of 3.3193 and a standard deviation of 0.63277, stakeholder engagement, legitimacy, and social networks with mean values of 5.4968, 6.3846, and 5.8552, and standard deviations of .1189, .16910, and .16884 respectively. As standard deviations relative to mean values are small, the calculated means highly represent the observed data (Nkundabanyanga, 2014; Field, 2009 and Saunders et al., 2007). Thus, Chief finance officer, General Manager and Internal Auditors play a critical role in achieving Integrated Reporting in Ugandan manufacturing firms.

4.2 Correlation analysis results

Pearson's correlation coefficient analysis was conducted to establish the relationships between predictor variables (Social Networks, Stakeholder Engagement and Legitimacy) and the outcome variable (Integrated Reporting). The intention was to evaluate whether linear relationships existed between predictor variables and the outcome variable. Pearson's correlation coefficient, r , was used because it is a parametric statistic and requires interval data for both variables (Garson, 2012). Bivariate correlation analyses were performed and Pearson correlation coefficients were generated to measure the direction and size of the relationship between the study variables (Field 2009). The correlation results are presented in the table below.

Table 6: Pearson correlations results

Variables	1	2	3	4	5	6	7	8	9	10	11	12
Network Ties (1)	1											
Social support (2)	.642**	1										
Trust (3)	.737**	.674**	1									
Social Networks (4)	.895**	.864**	.907**	1								
Consultation (5)	.899**	.654**	.765**	.871**	1							
Cooperation (6)	.812**	.605**	.796**	.833**	.735**	1						
Stakeholder Engt (7)	.812**	.605**	.796**	.833**	.735**	1.000**	1					
Pragmatic (8)	.872**	.673**	.697**	.842**	.890**	.748**	.748**	1				
Moral (9)	.898**	.820**	.764**	.930**	.811**	.789**	.789**	.790**	1			
Cognitive (10)	.666**	.895**	.829**	.894**	.681**	.676**	.676**	.659**	.740**	1		
Legitimacy (11)	.897**	.877**	.843**	.981**	.878**	.814**	.814**	.905**	.928**	.883**	1	
Integrated Reporting (12)	.344**	.264**	.260**	.326**	.300**	.245**	.245**	.323**	.348**	.232**	.332**	1

***. Correlation is significant at the 0.01 level (2-tailed).*

The results in Table 6 indicate a positive and significant association between social networks with integrated reporting ($r=.326$, $p<.01$). This means that improvements in social networks are associated with improvements in integrated reporting. Likewise, positive and significant associations were established between the constructs of social networks and integrated reporting.

The results in Table 6 also indicate a significant positive association between Stakeholder engagement and Integrated reporting ($r=.245$, $p<0.01$). This means that improvements in stakeholder engagements are associated with improvements in integrated reporting. Likewise, positive and significant associations were established between the constructs of stakeholder engagement and integrated reporting.

Lastly, results in Table 6, indicate a positive and significant association between Legitimacy and Integrated reporting with ($r=0.332$, $p<.01$). This means that improvements in legitimacy are associated with improvements in integrated reporting. Likewise, positive and significant associations were established between the constructs of legitimacy and integrated reporting.

4.3 Regression analysis results

The regression model was used to determine the extent to examine whether Stakeholder engagement, Legitimacy, and Social Networks have an effect on integrated reporting in manufacturing firms in Uganda. The results are presented in **Table 7** below;

Table 7: Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	89.112	11.714		7.607	.000
	Stakeholder Engagement	2.068	.515	.389	4.013	.000
	Legitimacy	.962	.752	.257	1.280	.038
	Social Network	.734	.777	.196	.834	.546

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 ^a	.675	.671	36.29373

a. Predictors: (Constant), Social Networks, Stake holder Engagement, Legitimacy

b. Dependent Variable: Integrated Reporting

Source: Primary data

The results in **Table 7** show that stakeholder engagement and Legitimacy are significant predictors of Integrated Reporting at 5 percent significance level while Social Network is not. Thus, H1 is not supported, while H2 and H3 are supported. Further, the results show that model tested predicts 67.1 percent of the variance in Integrated Reporting (Adjusted R Square =.671). This means that there are other factors, which explain the remaining 32.9 percent of the variance in Integrated Reporting.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents discussion of the findings inferred from the data analyzed and interpreted in chapter four in relation to the study objectives and review of related literature. This chapter comprises of the discussions of study findings, the conclusion, recommendations, study limitations and areas for further research.

5.1 Discussion of Results

This study was guided by three (3) objectives. Findings in relation to these objectives were thus obtained. In this section, these findings are further discussed to check their relevance and contribution to existing literature. The discussions are aligned to study objectives in relation to key findings obtained from data analysis process.

5.1.1 Social networks and integrated reporting

The study sought to establish the relationship between social networks and integrated reporting among manufacturing firms in the Kampala central region. Regression analysis results revealed that there is no positive relationship between the two variables. This means that firms' network ties, network support, and network trust are not related to integrated reporting adoption among the manufacturing firms in Kampala central region. The findings are in disagreement with Henry (2018) findings in a study 'Learning Sustainability Innovations' who argue that for an enterprise to pursue sustainability practices and innovations requires social and strategic learning and this can only be achieved through social networks. The results show that this is not the case with manufacturing firms in the Kampala central region perhaps because IR is not yet mandatory in Uganda, and thus majority of these firms are not engaging in IR reporting and so have no experiences to share.

5.1.2 Stakeholder engagement and Integrated Reporting

The second objective was to examine the relationship between Stakeholder Engagement and integrated reporting among manufacturing enterprises in Kampala Central Region. Results indicate that there is a strong significant and positive relationship between stakeholder engagement and Integrated Reporting. This means that firm's stakeholder engagements through cooperation and consultation leads to a drastic increase in integrated reporting adoption. The results are in agreement with scholars like Barnett (2007) who contends that stakeholders have the power to influence the actions of an enterprise, and therefore businesses need to report adequate information to meet the needs of all stakeholder groups. Additionally, the results are consistent with other scholars such as Duong et al., (2021) who contend that it's necessary for organizations to engage various stakeholders to equip them with knowledge, and provide technical support through training, coaching, seminars, conferences, among other avenues.

5.1.3 Legitimacy and integrated reporting

The regression results showed that legitimacy is significantly and positively related to integrated reporting. This means that firms' legitimization efforts through pragmatic actions, moral legitimacy, and cognitive legitimacy lead to increase in integrated reporting adoption. The results are consistent with scholars like Maama et al., (2020) who argue that organizations make increased positive environmental and social disclosures, as opposed to providing balanced disclosures, suggesting that firms use integrated reporting to manage their perspective images. Thus, organizations may use IR practices as a strategy to improve their respective public images and obtain public acceptance.

5.2 Conclusion

The purpose of this study was to examine the relationship between social networks, stakeholder engagement, legitimacy, and integrated reporting among manufacturing enterprises in Kampala Central region. The study used a combination of descriptive and analytical procedures to examine the relationship between the study variables based on 242 manufacturing firms in Kampala Central region. The study results indicated that Stake holder Engagement, Social Network and Legitimacy predicted 67.1 percent of the variance in Integrated Reporting. The results further confirmed that Stakeholder

engagement and Legitimacy are significant predictors of Integrated Reporting while Social Network is not.

5.3 Recommendations

The researcher recommends the following to enhance integrated reporting among manufacturing firms in Kampala Central Region.

- The manufacturing firms should embrace more stakeholder engagements to enhance integrated reporting as it has the highest t-value and thus, gave a better confidence that determines Integrated Reporting.
- For effective Integrated Reporting, the management should support Internal Auditors, Chief Finance officers and General Managers to obtain integrated reporting Knowledge and skills.
- For integrated reporting to be effective, the government through regulators such as ICPAU and CMA need to put in place stringent rules and regulations aimed at encouraging all manufacturing firms to adopt integrated reporting in their annual reports.

5.4 Ethical Considerations

The researcher sought informed consent, by having permission of the people who they were studying to conduct research involving them. The researcher preserved and protected the privacy, dignity, well-being, and freedom of research participants, this involved explaining to potential participants the purpose and nature of the research so they could freely choose whether or not to become involved. The researcher respected the confidentiality and anonymity of research respondents; respondents were more willing to express their views and opinions if they knew that their information was to be used in a confidential manner, therefore, the researcher agreed not to reveal the identity of the participants to anyone other than the researcher and those who had access to the data.

The researcher avoided harm to participants by ensuring not to do anything that could cause physical or emotional harm such as being careful how sensitive or difficult questions were phrased in the questionnaire.

The researcher ensured the quality of the research, at the onset of data collection; the researcher sought guidance from the Human Resource Department in selected manufacturing firms on how to access the employees at their place of work. Each questionnaire contained an opening introductory letter requesting the respondents' cooperation in providing the required information for the study.

5.5 Limitations of the study

- i)** The study only focused on manufacturing firms in Uganda to determine the contribution of Social Networks, Stakeholder engagement, and Legitimacy on integrated reporting. It is possible that these results are only applicable to manufacturing firms unlike other sectors.
- ii)** The study was limited to social networks, stakeholder engagement, and legitimacy yet its highly likely there are other variables that could better explain the problem.
- iii)** The study focused on a cross sectional research design, the behaviors of the variables over a long time were not completely analyzed which restricts the applicability of the findings as a longitudinal study that could give different results.
- iv)** The study has not been largely studied hence having scanty information on literature review.

5.6 Areas for future studies

- A study on integrated reporting explained only 67.1 % of variance in integrated reporting among manufacturing firms in Kampala Central Region; therefore there is a need for more studies to examine other factors that explain the remaining 32.9% variance of integrated reporting due to other factors.
- Explore other factors that may affect integrated reporting by use of qualitative studies followed by a quantitative survey. Research on the above proposed areas would greatly strengthen the conceptual foundation of research.

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MAKERERE UNIVERSITY

Appendix I: Questionnaire

Dear Respondent,

I am Bruno Mwebaze a Master of Accounting & Finance student of MUBS carrying out research on *Social Networks, Stakeholder engagement, Legitimacy, and Integrated Reporting among Manufacturing Firms in Kampala Central region*. Your firm has been chosen for this purpose and I am kindly requesting you to complete this questionnaire. The information provided will be treated with confidentiality and will not be released in any way that will allow it to be identified with any individual. If there are any questions or concerns, please call me directly on 0704772013.

Section A: Background information of the respondent

Your Position in this Organisation is; Chief Finance Officer ☐ General Manager ☐
Internal Auditor ☐

I have done a Professional Accounting course; YES ☐ NO ☐

Your length of service in this Firm; Less than 10 years ☐ 10 years and above ☐

Age of the respondent is; 35 years & below ☐ Above 35 years ☐

Gender of the respondent (a) Male ☐ (b) Female ☐

Section B: Firm characteristics

The business has been operating for;

Less than 5 years ☐ 5-10 years ☐ 11-15 years ☐ 15- above ☐

Our company is (a) locally owned ☐ (b) Foreign owned ☐

Section C

Instruction: Please tick in the box as appropriate, your response

1= I strongly disagree 2= I disagree 3= I slightly disagree 4= I slightly Agree
5= I agree 6= I strongly agree

A	Organizational over view and external environment	1	2	3	4	5	6
IR1	This firm includes in its report its mission						
IR2	This firm includes in its report its vision						
1R3	This firm includes in its report its culture						
IR4	This firm includes in its report its ethics						
IR5	This firm includes in its report its values						

IR6	This firm includes in its report its ownership						
IR7	This firm includes in its report its operating structure						
IR8	This firm includes in its report its principal activities						
IR9	This firm includes in its report its markets						
IR10	In this firm's report, the threat of new competition is disclosed						
IR11	In this firm's report, the presence of substitute products by other producers is disclosed						
IR12	The bargaining power of customers / clients of this firm is disclosed in this firm's report						
IR13	The intensity of competitive rivalry is disclosed in this firm's report						
IR14	The bargaining power of suppliers of this firm is disclosed in this firm's report						
IR15	This firm includes in its report interests of key stakeholders						
IR16	This firm includes in its report legitimate needs of key stakeholders						
IR17	This firm includes in its report significant changes from prior periods						
IR18	This firm includes in its report its Macro economic conditions						
IR19	This firm includes in its report its micro economic conditions						
IR20	This firm includes in its report its industry trends						
IR21	This firm includes in its report its relative strengths and weaknesses of competitors and customer demand						
IR22	This firm includes in its report, the speed of technological change						
IR23	This firm includes in its report, the effect of technological change on its operations						
IR24	This firm includes in its report, societal issues such as population and demographic changes, human rights etc.						
IR25	This firm includes in its report, environmental challenges such as climate change, the loss of ecosystems, resource shortages						
IR26	This firm reports on the legislative environment in which it operates in its report						
IR27	This firm reports on the regulatory environment in which it operates in						

	its report						
IR28	This firm reports on the political environment in which it operates						
	Governance	1	2	3	4	5	6
IR29	This firm includes in its report its leadership structure e.g skills and diversity						
IR30	This firm includes in its report processes used to make strategic decisions						
IR31	This firm includes in its report the particular actions those charged with governance have taken to influence the strategic direction						
IR32	This firm includes in its report the particular actions those charged with governance have taken to monitor the strategic direction						
IR33	This firm includes in its report the particular actions those charged with governance have taken to influence the firm's approach to risk management						
IR34	This firm includes in its report the particular actions those charged with governance have taken to monitor the firm's approach to risk management						
IR35	This firm includes in its report, how the firm's culture is reflected in its use of the capitals						
IR36	This firm includes in its report, how the firm's ethics is reflected in its use of the capitals						
IR37	This firm includes in its report, whether the firm is implementing governance practices that exceed legal requirements						
IR38	This firm includes in its report, the responsibility those charged with governance take for promoting innovation						
IR39	This firm includes in its report, the responsibility those charged with governance take for enabling innovation						
IR40	This firm includes in its report how remuneration is linked to value creation in the short, medium and long term						
IR41	This firm includes in its report how incentives are linked to value						

	creation in the short, medium and long term						
	Business model	1	2	3	4	5	6
IR42	This firm includes in its report its attitude to risk						
IR43	This firm includes in its report key elements of the business model						
IR44	This firm includes in its report its inputs						
IR45	This firm includes in its report how the business model has been designed to adapt to change						
IR46	This firm includes in its report its outputs						
IR47	This firm includes in its report its outcomes						
IR48	This firm includes in its report its business activities						
IR49	This firm includes in its report its key products and services						
	Risks and opportunities	1	2	3	4	5	6
IR50	This firm includes in its report the specific source of risks						
IR51	This firm includes in its report the specific source of opportunities						
IR52	This firm includes in its report the key opportunities that are specific to the organization						
IR53	This firm includes in its report the key risks that are specific to the organization						
IR54	This firm includes in its report the specific steps being taken to mitigate key risks						
IR55	This firm includes in its report the specific steps being taken to manage key risks						
IR56	This firm includes in its report the specific steps being taken to create value from key opportunities						
IR57	This firm includes in its report, the assessment of the likelihood that the risk or opportunity will come to fruition						
	Strategy and Resource allocation	1	2	3	4	5	6
IR58	This firm includes in its report, the organizations short term strategic objectives						
IR59	This firm includes in its report, the organizations medium term						

	strategic objectives						
IR60	This firm includes in its report, the organizations long term strategic objectives						
IR61	This firm includes in its report, the strategies it has in place to achieve those strategic objectives						
IR62	This firm includes in its report, the strategies it intends to implement in order to achieve those strategic objectives						
IR63	This firm includes in its report, the resource allocation plans it has to implement its strategy						
IR64	This firm includes in its report, the strategies it intends to implement in order to achieve those strategic objectives						
	Performance	1	2	3	4	5	6
IR65	This firm includes in its report the quantitative indicators with respect targets and risks and opportunities						
IR66	This firm includes in its report the material effects on capitals up and down the value chain						
IR67	This firm includes in its report KPIs that combine financial measures with other components						
IR68	This firm includes in its report the organization's negative effects on the capitals						
IR69	This firm includes in its report the organization's positive effect on the capitals						
	Outlook	1	2	3	4	5	6
IR70	This firm includes in its report its expectations about the changes in the external environment in which the organization operates in the short term						
IR71	This firm includes in its report its expectations about the changes in the external environment in which the organization operates in the medium term						

IR72	This firm includes in its report its expectations about the changes in the external environment in which the organization operates in the long term						
IR73	This firm includes in its report its equipped to respond to the critical challenges						
IR74	This firm includes in its report its comparisons of actual performance to previously identified targets						
IR75	This firm includes in its report the legal or regulatory requirements						
	Basis of preparation and presentation	1	2	3	4	5	6
IR76	This firm includes in its report its summary of the significant frameworks						
IR77	This firm includes in its report an explanation of the uncertainty						
IR78	This firm includes in its report the volatility, certainty range or confidence interval associated with the information provided						
IR79	This firm includes in its report its measurement methods and underlying assumptions						
IR80	This firm includes in its report actions to manage the matter and how effective they have been						
IR81	This firm includes in its report the materiality determination process						

Section D: Social Networks

Using the confirming a situation scale below, tick your most appropriate response under each dimension

Very True	Untrue	Somewhat True	True	Very True	Extremely true
1	2	3	4	5	6

Network Ties							
NT1	In this firm, most of the members are friends to other firms in same/different line of business.	1	2	3	4	5	6

NT2	In this firm, we belong to social groupings with other firms from same/diverse fields.	1	2	3	4	5	6
NT3	Our firm belongs to social groups with other firms from diverse fields and religions	1	2	3	4	5	6
NT4	Our firm belongs to social groups with members from a diverse ethnicity	1	2	3	4	5	6
NT5	Our firm belongs to social groups with members from diverse age groups	1	2	3	4	5	6
NT6	In our firm, some members are leaders in other social groups to which they belong.	1	2	3	4	5	6
Social Support							
SS1	Our firm gets advice and support from group that it could not find anywhere else	1	2	3	4	5	6
SS2	Our firm feels comfortable sharing private or personal thoughts through its social platforms with other group members.	1	2	3	4	5	6
SS3	By giving advice to other members of our group, our firm's efforts in the business are reinforced	1	2	3	4	5	6
SS4	Our firm connects with other people in its group on topics other than its area of business	1	2	3	4	5	6
SS5	Our firm is supported and encouraged by other group members	1	2	3	4	5	6
SS6	The fact that our group is available whenever needed, day or night, is important to our firm.	1	2	3	4	5	6
Trust							
T1	The information offered by our group is honest and sincere	1	2	3	4	5	6
T2	Our firm has confidence in the promises that our group makes	1	2	3	4	5	6
T3	Our firm group does not make false statements	1	2	3	4	5	6
T4	Our firm group is trustworthy	1	2	3	4	5	6
T5	Our firm group has the necessary resources to successfully carry out its activities	1	2	3	4	5	6

Section E: Stakeholder Engagement

Using the scale below, kindly share your opinion on the following indicators of Stakeholder engagement by ticking your most appropriate response

Agree completely, without any doubt	Very Strongly agree	Agree most of the time	Agree some of the time	Disagree	Completely disagree without a doubt		
1	2	3	4	5	6		
Consultation (Co & Barro, 2009) (Lema, 2018).							
Code	Statement						
SHCON1	Stakeholder's vision and ideas are followed by my enterprise	1	2	3	4	5	6
SHCON2	My enterprise adapts to the stakeholder's needs	1	2	3	4	5	6
SHCON3	The enterprise makes sure stakeholder(s) understand what is at stake	1	2	3	4	5	6
SHCON4	It is possible for the enterprise to mitigate the negative pressures that may be forwarded by external stakeholders (customers, communities, government, trade associations, and activist groups)	1	2	3	4	5	6
SHCON5	The image of the business improved after establishing stronger ties with relevant stakeholders	1	2	3	4	5	6
SHCON6	The enterprise Conduct regular dialogues to inform and update stakeholders of the importance and progress of its current/future activities in the enterprise's social networks	1	2	3	4	5	6
Cooperation							
SHCOP1	The people who represent stakeholders in the collaboration are trustworthy, (Thomson et al, 2007)	1	2	3	4	5	6
SHCOP1	Stakeholders don't take advantage of firms in the collaboration	1	2	3	4	5	6
SHCOP1	The enterprise can count on each stakeholder to meet its obligations to the collaboration	1	2	3	4	5	6

SHCOP1	The enterprise will work with stakeholders only if they prove they will work with us	1	2	3	4	5	6
SHCOP1	The enterprise will work with stakeholders only if they prove they will work with us	1	2	3	4	5	6
SHCOP1	Developing long-term personal relationships with stakeholders is one of the most important parts of collaborating at the enterprise	1	2	3	4	5	6
SHCOP1	With the other stakeholders, my firm was cooperative; together, we tried to be successful	1	2	3	4	5	6

Section F: Legitimacy: Alexiou, (2017)

Pragmatic							
Code	Statement						
PL1	The practices of this enterprise create value for its employees and customers	1	2	3	4	5	6
PL2	In general, enterprises like this one create value for their stakeholders	1	2	3	4	5	6
PL3	Compared to similar businesses, businesses like this better understand their customers' needs and concerns	1	2	3	4	5	6
PL4	I believe the activities of this organization benefit their immediate stakeholders	1	2	3	4	5	6
PL5	This enterprise's procedures benefit its customers and suppliers	1	2	3	4	5	6
PL6	Others who deal with this enterprise find value in their interactions with the enterprise	1	2	3	4	5	6
Moral							
Code	Statement						
ML1	Most people would consider this enterprise's practices to be moral	1	2	3	4	5	6
ML2	I believe that enterprise like this one is good for communities	1	2	3	4	5	6
ML3	This enterprise is concerned with "playing by the rules"	1	2	3	4	5	6
ML4	The policies of this firm adhere to acceptable standards as determined by the community	1	2	3	4	5	6
ML5	This enterprise cares about the wellbeing of its employees and	1	2	3	4	5	6

	customers						
ML6	Most people in the community approve of this business operating practices	1	2	3	4	5	6
Cognitive							
Code	Statement						
CL1	I believe that businesses like this fulfill a need in the economy	1	2	3	4	5	6
CL2	There must be a good reason for the way this enterprise operates	1	2	3	4	5	6
CL3	I believe that businesses like this are necessary	1	2	3	4	5	6
CL4	In general, businesses like this fulfill an essential function	1	2	3	4	5	6
CL5	I am comfortable dealing with enterprises like this	1	2	3	4	5	6
CL6	In general, the practices of enterprises like this are acceptable	1	2	3	4	5	6

End