

Institution: University of Southampton		
Unit of Assessment: 17 Business and Management Studies		
Title of case study: 17-04 Sustainability reporting in Uganda		
Period when the underpinning research was undertaken: July 2016 – July 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Venancio (Ven) Tauringana	Professor of Accounting	April 2016 – present
Period when the claimed impact occurred: May 2019 – December 2020		
Is this case study continued from a case study submitted in 2014? N		
<p>1. Summary of the impact</p> <p>Sustainability reporting (SR) by organisations is recognised globally as an effective way to demonstrate commitment to sustainable practices, and is specifically encouraged in UN Sustainable Development Goal (SDG) 12.6. Research by Southampton Business School has found evidence of SR challenges and identified factors that determine its uptake in developing countries. Based on the findings, a non-governmental organisation was incorporated in Uganda to promote SR and train organisations in the country. A total of 120 organisational representatives, 7 trainers and 10 research assistants have been trained in SR: 105 organisations have now prepared their first sustainability reports and uploaded them on the Global Reporting Initiative (GRI) database, contributing to Uganda's progress towards achieving SDG 12.6. Several companies have enjoyed wider social (gender parity and poverty reduction), economic (increased profits) and environmental (recycling and CO₂ reductions) benefits following the training.</p>		
<p>2. Underpinning research</p> <p>Professor Ven Tauringana's research interests in SR were developed during his study of the influence of corporate governance mechanisms on greenhouse gas (GHG) emissions disclosure [3.1]. In the latter stages of this research, in July 2016, the Uganda Manufacturers' Association (UMA) invited Tauringana to facilitate a two-day training workshop on how to measure, report and manage GHG emissions in Kampala, attended by representatives from 25 UMA companies. At the end of the workshop, two issues emerged that participants needed assistance with going forward: a) The need for help with preparation of sustainability reports, as these were now being demanded by some of their stakeholders, and b) convincing organisations that the financial benefits of measuring, reporting and managing their environmental impacts (including GHG) outweighed the costs.</p> <p>To understand the SR landscape in developing countries such as Uganda, Tauringana started a study [3.2] in January 2018 with the aims of a) identifying managerial perceptions-based determinants of SR derived from extant literature, b) evaluating the efforts of the Global Reporting Initiative (GRI, the global SR standards body) in increasing SR in 107 developing countries based on sustainability reports uploaded on the GRI database from 2014 to 2019, and c) arguing for the adoption of evidence-based practices to increase SR in developing countries. The study's findings suggested that training, legislation, issuing of guidance, stakeholder pressure, awareness campaigns, and market and public pressure were some of the determinants of SR in developing countries. The results of the evaluation of the impact of GRI efforts showed they had limited impact on increasing SR in developing countries, particularly in Africa. The study concluded by arguing for the adoption of evidence-based practices to increase SR in developing countries, and for more research on SR determinants in other developing countries.</p> <p>In November 2018, Tauringana visited 3 companies that had attended the workshop in July 2016 to assess the uptake of GHG measurement and reporting. Encouraged by the uptake and the initial findings [3.2], Tauringana surveyed 194 UMA companies between December 2018 and April 2019 to investigate the determinants of their adoption of SR [3.3]. The findings suggested that lack of expertise and training, and negative attitude or belief were significant</p>		

negative determinants of the adoption of SR. The results also showed that availability of resources, free training and support, and positive attitude or belief were significantly and positively associated with the likelihood of SR adoption. The paper recommended that there was a need to train, sensitise and provide free support to encourage companies to prepare sustainability reports.

Tauringana undertook a further collaborative study on sustainable environmental practices and financial performance based on small- and medium-sized enterprises [3.4]. The results revealed a significant and non-linear (concave) relationship between sustainability environmental practices and the firms' financial performance. The results' implications were that the relationship between sustainable environmental practices and financial performance is linear and positive for lower levels of environmental engagement.

Following these findings [3.2, 3.3 & 3.4], Tauringana invited 3 companies for a pilot training session in May 2019 at UMA offices, Kampala followed by 2 further training sessions in July and October 2019. During the training, the companies were apprised of the benefits of preparing SR and environmental management, using [3.4] as evidence, and were offered free help to prepare sustainability reports following training.

3. References to the research

3.1 Chithambo, L and **Tauringana, V.** (2017). Corporate governance and greenhouse gas disclosures: A mixed-methods approach, *Corporate Governance: The International Journal of Business in Society*, 17 (4), pp. 678-699. <https://doi.org/10.1108/CG-10-2016-0202>

3.2 **Tauringana, V.** (2020). Sustainability reporting challenges in developing countries: Towards management perceptions research evidence-based practice, *Journal of Accounting in Emerging Economies*, <https://doi.org/10.1108/JAEE-01-2020-0007>

3.3 **Tauringana, V.** (2020). Sustainability reporting adoption in developing countries: Managerial perception-based determinants evidence from Uganda, *Journal of Accounting in Emerging Economies*. <https://doi.org/10.1108/JAEE-07-2020-0184>

3.4. Boakye, D.J., Tingbani, I., Ahinful, G., Damoah, I., & **Tauringana, V.** (2020). Sustainable environmental practices and financial performance: evidence from listed small and medium-sized enterprise in the United Kingdom. *Business Strategy and the Environment*. <https://doi.org/10.1002/bse.2522>

4. Details of the impact

Reflecting the growing importance of The UN SDGs, SR by organisations is increasingly recognised as an effective and financially beneficial way of benchmarking an organisation's commitment to a sustainable global economy. SDG 12 target 6 is to "encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle." The Global Reporting Initiative (GRI), the global SR standards body and aggregator of SR for SDG 12.6, states that "sustainability reporting can help organisations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative." [5.1]

The impact of Tauringana's research can be grouped into 4 categories: (A) capacity building, (B) changes in reporting practices, (C) organisational change to deliver savings and wider social, economic and environmental benefits including poverty reduction, and (D) new data to measure Uganda's progress towards SDGs and creation of national awareness of SR importance.

A. Capacity building

Building on the research findings that access to training was key to adoption of new practice, 120 people (employees) from 105 organisations were trained by Tauringana in May, July and October 2019, and by one of the trained lecturers (see below) in February 2020, on how to prepare sustainability reports using GRI's sustainability reporting standards. Additionally, in October 2019 Tauringana trained 7 lecturers, who then trained 10 research assistants who went

on to work under the guidance of Taurigana to finalise the sustainability reports of companies that had undergone training to obtain the necessary SR data. During the October 2019 training, a sustainability reporting quality mark [5.2] was launched at the Ugandan Manufacturers' Association (UMA) headquarters in the form of a certificate that is awarded to a company that produces its first sustainability report and is valid for three years. This quality mark is an incentive for companies to engage with SR due to the evident benefit it has on retaining and attracting new customers or investors. To ensure that more organisations from sectors other than manufacturing in Uganda could be supported in producing sustainability reports, a new NGO – Transparency for Sustainable Development Uganda (TSD) – was incorporated in 2020 [5.3]. TSD was created to continue to build capacity in Uganda and implement SR, and has now taken over the awarding of the sustainability quality mark, training and support.

The training in July 2019 received extensive media coverage in newspapers and television [5.4, 5.5] and the publicity resulted in several organisations contacting UMA to register their interest in training and the preparation of sustainability reports because they could see the value of SR to their organisations. Out of the 105 organisations trained, 90 successfully produced sustainability reports. A further 15 organisations selected from those that had registered an interest in SR were trained by one of the lecturers from Makerere University in February 2020 and successfully produced sustainability reports. These organisations range from small restaurants such as Coffee at Last and NGOs such as Network for Active Citizens, to schools such as St Joseph Senior Secondary School in Naggalama.

B. Changes in reporting practices

There has been a step change in the volume of organisations now going through the analysis and reporting process to produce SRs in Uganda. Before the project, only 7 companies from Uganda (British American Tobacco Uganda, National Insurance Corporation, New Vision Printing and Publishing Company Ltd, Pride Microfinance Ltd, Stanbic Bank Uganda, Trust Finance Bank Uganda, Umeme Ltd) produced sustainability reports and uploaded them on the GRI website. Since the first training in May 2019, a further 105 organisations have produced and uploaded their first reports on the website taking Uganda's total to 112 organisations [5.6]. The organisations include 20 economically significant large companies such as Steel and Tube (989 employees), which describes itself as 'one of the largest steel manufacturers and suppliers of quality steel products in East Africa', and Kakira Sugar Ltd (7,500 employees) and agribusiness Bidco Uganda Ltd (2,500 employees) which were ranked 9th and 22nd respectively in Uganda for tax payments to the Government in 2018/19 [5.7]. The list also includes 42 medium-sized companies such as Busoga Forestry Company (170 employees) and 43 small companies such as café-bar Coffee at Last (26 employees).

C. Organisational change to deliver savings and wider social, economic and environmental benefits including poverty reduction

Organisations that have adopted this new accounting practice of SR are subsequently making changes that benefit their business and the wider environment and communities they operate in. Structured interviews [5.8] were carried out with five of the companies to understand in greater detail what the benefit of implementing SR was to the organisation and the sort of initiatives that were prompted by this process. These have included a focus on sustainable manufacturing practices, increased recycling and improved gender parity.

Steel and Tube Industries Ltd (989 employees, 2 trained) acknowledged that since the training it has started training its employees about environmental sustainability to ensure that all are fully aware of the company's drive to entrench sustainability in its business processes and practices. CO2 Emissions have been reduced by implementing technologies and products such as the Advanced Process Control (APC) and the cyclical effluent treatment plant which can recycle around 14 cubic metres of water daily. The company has also 'promoted gender equality in its business by making sure that there is gender parity among its senior management'; 'has hired more women in senior positions'; and by '5 April 2020, about 10 female employees were promoted to better managerial roles' with further improvement goals set [5.9].

Busoga Forestry Company (170 employees, 2 trained) implemented a Trade in Carbon Credits programme in December 2019 after learning about it in the SR training. To date, its Bukaleba

Forest Plantation Project has issued 25,350 tonnes of CO₂ equivalents (tCO₂e) in accordance with the Verified Carbon Standard (VCS) with ongoing measurement projected at over 100,000 Verified Carbon Units for sale. Its Kachung Forest Project also become its first Clean Development Mechanism (CDM) project to be registered by the UN Framework Convention on Climate Change (UNFCCC). The project is also the second afforestation and reforestation (A/R) large-scale CDM project to be issued with temporary Certified Emission Reductions (tCERs) in Africa. [5.8]

The Hive Uganda Ltd (15 employees, 1 trained), an industrial beekeeping equipment supplier, stated after the training: “We decided to use more steel products because they can easily be recycled more than plastics which is a huge boost for the local environment because instead of dumping the old steel products to the environment, we can instead provide it to the recycling companies hence waste reduction. Steel also has a high tensile strength, it’s of low cost, highly durable and more sustainable as compared to plastic.” [5.8]

Overall, the contribution of Taurigana’s work in achieving these economic, social and environmental benefits is acknowledged by the Managing Director of Transparency for Sustainable Development in stating that “Prof Taurigana’s research into how accountancy practice can drive improvement in social and environmental outcomes has... been translated into action that can help organisations in Uganda really make a difference to their communities, their environment and to their overall performance.” [5.3]

D. Generating new data to measure Uganda’s progress towards SDGs and creating national awareness of the importance of sustainability reporting

The training and subsequent preparation and uploading of 105 reports on the GRI website has generated new information to measure how Ugandan companies are contributing to the country’s progress towards achieving SDGs. This information is invaluable for economic planning and Uganda’s Voluntary National Review (VNR) on the implementation of the UN’s 2030 Agenda for Sustainable Development. For example, in the last VNR report 2020 [5.10], Uganda did not report any information on its progress towards SDG 12 due to lack of information. The effort by Taurigana which helped produce and upload 94% (or 105 sustainability reports) of the 122 sustainability reports on the GRI database [5.6] as at 9 December 2020 means that this information will be reported as part of Uganda’s progress towards achieving SDG 12 target 6 in Uganda’s next VNR. As a result, Uganda is now the second country in Africa (after South Africa) in terms of number of organisations from each country producing and uploading their sustainability reports on the GRI database [5.7]. The fact that non-UMA organisations made contact asking to be trained, and produced sustainability reports after the media publicity surrounding the SR training and launch of the SR quality mark, demonstrates that there is now a greater awareness of the importance of SR in Uganda beyond the manufacturing sector.

5 Sources to corroborate the impact

5.1 <https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx>

5.2 15/10/19 article in relation to the launch of the UMA Sustainability Reporting Mark <https://chimpreports.com/ugandan-companies-called-to-obtain-sustainability-reporting-mark-certification/>

5.3 Letter from Managing Director, Transparency for Sustainable Development (TSD, <https://tsduganda.org>)

5.4 Uganda training newspaper coverage with the heading ‘Ugandan manufacturers urged to report publicly on growth’ 31/07/19 (p35 of Business section of the New Vision newspaper, Kampala, Uganda)

5.5 NBS Live at 9 TV coverage 15/10/19 https://www.youtube.com/watch?v=SCI4_fE11zA

5.6 Extract from GRI Search Reporting tool <https://database.globalreporting.org/searchplus> with list of organisations submitting SRs as of 09/12/20.

5.7 [Uganda’s Top 100 taxpayers, Uganda Business News https://ugbusiness.com/list-ugandas-top-100-taxpayers](https://ugbusiness.com/list-ugandas-top-100-taxpayers)

5.8 Survey of 5 companies in Uganda that undertook Sustainability Reporting training, July 2020

5.9 Steel and Tube testimonial letter 25/08/2020

5.10 Voluntary National Review Report on the Implementation of the 2030 Agenda for Sustainable Development (Uganda), June 2020

https://sustainabledevelopment.un.org/content/documents/26354VNR_2020_Uganda_Report.pdf