

EVALUATING CORPORATE READINESS FOR ESG REPORTING IN UGANDA

Introduction

Environmental, Social, and Governance (ESG) reporting has emerged as a global benchmark for assessing corporate sustainability, ethical responsibility, reputation, investor confidence, and regulatory compliance. Widely accepted frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) support organizations in structuring and disclosing ESG-related information (GRI, 2021; SASB, 2020; TCFD, 2022). Despite its importance, many Ugandan corporations struggle with ESG implementation due to factors such as limited expertise, financial constraints, and unclear regulatory frameworks (EcoActive, 2025). ESG adoption remains a relatively new and evolving practice. While some corporations have made progress in integrating ESG principles, the level of compliance and the quality of reporting remain inconsistent.

In developed economies, ESG reporting has become a new normal, with regulatory bodies and investors demanding greater transparency and accountability from corporations (Ho & Park, 2019; Eccles & Serafeim, 2022). While ESG reporting has become institutionalized in developed markets, with regulators and investors actively demanding transparency, many emerging economies, including Uganda, are still at early stages of adoption. In Uganda, regulatory agencies such as the Capital Markets Authority (CMA) and the Uganda Securities Exchange (USE) have initiated ESG guidelines and promoted ESG awareness. However, widespread implementation is hindered by several constraints including limited expertise, lack of harmonized standards, weak enforcement mechanisms, and financial limitations (Akware, 2023; Uganda Bankers Association, 2024).

As Uganda's economy expands, corporations are increasingly expected to demonstrate responsible environmental stewardship, uphold social equity, and maintain governance integrity. In response to these challenges, stakeholders, including the Uganda Capital Markets Authority and Uganda Securities Exchange, are advocating for ESG reporting frameworks to enhance corporate sustainability and transparency. However, there is limited empirical research on the readiness of entities for this reporting. This study aims to bridge this gap by appraising the readiness of Uganda's corporate sector.

Given this evolving landscape, it is critical to understand how prepared Ugandan corporations are to implement ESG reporting frameworks. This study seeks to provide empirical insights into corporate readiness, filling a current knowledge gap.

Problem Statement

Although the global momentum for ESG integration is accelerating, Uganda's corporate sector remains underprepared to align with international ESG standards. Challenges such as inadequate technical capacity, low ESG awareness, fragmented regulatory efforts, and resource constraints have created uneven levels of adoption and reporting across corporations. The CMA (2022) and USE have provided ESG guidelines, but the impact of these initiatives remains insufficiently understood.

Moreover, no comprehensive empirical data currently exists to evaluate whether Uganda's corporate entities are equipped—technically, institutionally, and financially—to embrace ESG reporting. This creates a bottleneck for informed policymaking, regulatory oversight, and investor confidence.

This study therefore seeks to critically appraise the readiness of Ugandan corporations by examining ESG awareness, technical and institutional capacity, perceived regulatory support, and internal or external barriers to ESG adoption.

Research Objectives

Main Objective: To evaluate the readiness of corporations in Uganda for effective implementation of ESG reporting.

Specific Objectives:

1. To assess the awareness of CFOs on ESG reporting
2. To evaluate the institutional technical capacity of corporations to implement ESG reporting.
3. To examine the perceived effectiveness of Uganda's regulatory support mechanisms in fostering ESG compliance.
4. To determine key internal and external barriers hindering ESG adoption and reporting.

Conceptual Framework

ESG Awareness

ESG Concepts
ESG Principles
ESG Reporting frameworks
ESG Data management

Institutional Technical Capacity

Governance structures
Reporting systems
Availability of tools
Expertise of staff

Perceived Regulatory Support

CMA
policy guidance
Incentives
Stakeholder engagement

Internal & External Barriers

Cost
Lack of standards
Low awareness
Negative perceptions

Corporate Readiness for ESG Reporting

Dependent Variable:

- Corporate Readiness for ESG Reporting

Independent Variables:

- ESG Awareness
- Institutional Technical Capacity
- Regulatory Support (policy guidance, incentives, stakeholder engagement)
- Barriers (resource limitations, data gaps, competing priorities, lack of enforcement)

Theoretical Underpinnings:

- *Institutional Theory*: Suggests that organizations respond to institutional pressures such as regulatory mandates and social norms.
- *Stakeholder Theory*: Emphasizes the role of multiple stakeholders in shaping corporate behavior and driving accountability.
- *Organizational Readiness for Change Theory*: It suggests that readiness of organizations for change is assessed by their willingness and ability to embrace new policies or regulations.

Methodology

Research Design: This study will use a descriptive cross-sectional design with a mixed-methods approach. Quantitative methods will quantify levels of readiness and perceived support, while qualitative methods will provide context and deeper insights.

Target Population and Sampling: The population comprises Chief Finance Officers (CFOs) and sustainability or compliance officers from the top 500 Ugandan corporations. A census approach will be applied to the quantitative survey. For qualitative interviews, 15-20 key informants will be purposively selected from both mandated and non-mandated corporations.

Data Collection Methods:

- *Quantitative*: Online structured questionnaires covering ESG knowledge, practices, support mechanisms, and barriers.
- *Qualitative*: Semi-structured interviews exploring in-depth perspectives and organizational experiences.

Validation and Reliability: Pilot testing of instruments with a sample of CFOs (n=10) will be conducted. Reliability will be assessed using Cronbach's alpha. Triangulation of data sources will enhance validity.

Data Analysis:

- *Quantitative*: Descriptive statistics using SPSS (frequencies, percentages, averages).

- *Qualitative: Thematic analysis using NVivo to extract patterns and narrative insights.*

Expected Outcomes

The study will culminate in a comprehensive research report with the following sections:

- Executive Summary
- Introduction and Background
- Reviewed literature on the research questions
- Research Methodology
- Fully interpreted and discussed findings on the research questions
- Conclusions of findings on the research questions
- Policy and Practice Recommendations based on the findings
- Citations and References acknowledging information sources
- Appendices such as: data collection tools, list of the top 500 corporations, item generation framework, among others.

Significance of the Study

This study will contribute to a more informed and strategic approach to ESG integration in Uganda. It will provide valuable insights for policymakers, regulators, and investors seeking to strengthen ESG infrastructure in the corporate sector. Corporations can use the findings to benchmark their readiness and implement targeted improvements. Additionally, the study will contribute to academic discourse on ESG adoption in emerging economies.

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