A Multidimensional Analysis of Integrated Reporting Practice and its Impacts on Firms' Valuation: Evidence from Sub-Saharan Africa

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by

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DECLARATION

I, Sharanam Sharma Abbana, declare that this dissertation is a representation of my own work in conception and execution. This work has not been submitted in any form for another degree at any university or institution of higher learning. All information cited from published or unpublished works has been acknowledged by myself.

31 October 2025

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31 October 2025

Professor Ferina Marimuthu — Date

31 October 2025

Dr Haruna Maama — Date

DEDICATION

"The best dreams are those that refuse to let us rest until we bring them to life."

This study is dedicated to my late grandmother, whose unwavering faith and gentle strength inspired every part of this journey. You believed in my potential long before I understood it myself. You still continue to light my path, and your spirit remains the quiet force behind every dream I have realised.

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~ May the Mother continue to bless you all in abundance. ~

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ABSTRACT

Integrated Reporting (IR) has gained prominence across Sub-Saharan Africa (SSA) as a mechanism for promoting transparency and accountability, yet firms continue to face high capital costs and a persistent quality gap amongst investors and lenders. This study investigates how organisational culture and audit quality mechanisms influence IR quality and whether these factors shape firms' equity valuation and leverage outcomes. Grounded in a multi-theoretical foundation, drawing from the Resource-Based View, Legitimacy, Institutional, Stakeholder and Contingency theories, the research examines when and how IR generates value within SSA's institutional environment.

The inquiry began with a systematic literature review and meta-analysis of 40 empirical studies (2015 - 2024), mapping the determinants, constraints and impacts of IR across SSA. This synthesis identified key evidence gaps and informed the design of the empirical models. The quantitative phase employed a balanced panel of 67 listed SSA firms over 2014 - 2023, using Bloomberg. Econometrics modelling alongside Fixed Effects, Random Effects and with robustness checks were applied to test the study's hypotheses.

Results indicate that only signals that are both costly and diagnostic enhance IR quality. Lower voluntary staff turnover and stable audit fee trajectories significantly improved disclosure quality, while inflated audit committee meeting counts and audit fee volatility carried limited informational value. Equity markets rewarded IR quality reinforced by cultural stability, whereas debt markets valued assurance proportionality penalising extended auditor tenure.

These findings are synthesised into a multi-theoretical IR Framework for SSA, linking four interrelated domains, Drivers, Constraints, Strategic Outcomes, and Impacts on Performance, with organisational culture and audit quality acting as moderators between adoption and outcomes. The framework demonstrates that IR effectiveness in SSA is context-dependent, relying on institutional maturity and credible cultural and audit supports.

The study contributes empirically by providing large sample evidence connecting IR quality to financing structures in SSA Practically, it offers a policy relevant framework that boards, auditors, regulators, and investors can use to strengthen IR quality and market trust.

Keywords: Integrated Reporting; Sub-Saharan African; Organisational Culture; Audit quality; Equity Valuation; Leverage.

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ACRONYMS

BVPS	Book Value Per Share
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
FE	Fixed Effects
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
ISSB	International Sustainability Standards Board
JSE	Johannesburg Stock Exchange
KPI(s)	Key Performance Indicator(s)
PAIRN	Pan-African Integrated Reporting Network
RBV	Resource-Based View Theory
RE	Random Effects
ROA	Return on Asset
SDG(s)	Sustainable Development Goal(s)
SOE(s)	State-Owned Enterprise(s)
SSA	Sub-Saharan Africa
UN	United Nations

CHAPTER ONE
INTRODUCTION TO THE STUDY

1.1 Introduction

Corporate reporting has evolved from a compliance exercise to a strategic communication tool through which organisations communicate how they generate and sustain value. In this study, Integrated Reporting (IR) is viewed not merely as adherence to the International Integrated Reporting Council's (IIRC) Framework released in 2013 and updated in 2021, but as a holistic corporate reporting practice that discloses both financial and non-financial information, including environmental, social, and governance (ESG) dimensions into a single, connected account of performance and value creation over time. IR therefore represents a broader form of accountability that links sustainability disclosure, ethical responsibility, and financial performance, providing an integrated narrative of how strategy and operations contribute to long-term value creation for multiple stakeholders.

Global adoption of IR has accelerated as regulators, investors, and standard typesetters increasingly recognise its role in enhancing governance transparency, capital-allocation efficiency, and sustainability performance (De Villiers and Sharma 2020; Ecim and Maroun 2023). This momentum has extended to Sub-Saharan Africa (SSA), where South Africa's Johannesburg Stock Exchange (JSE) effectively embedded IR through King IV's 'apply-and-explain' principle (Institute of Directors in South Africa 2016); Kenya, Nigeria, and Mauritius have also issued soft-law guidance (National Committee on Corporate Governance 2016; Capital Markets Authority 2017; Financial Reporting Council of Nigeria 2019); and thirteen african exchanges now participate in the Pan-African Integrated Reporting Network (PAIRN) (Pan-African Federation of Accountants 2023). Yet adoption is uneven: some SSA corporates produce highly connective, assured reports, while others append generic sustainability sections to their financial statements.

This study investigates why IR quality varies and whether it matters for corporate financing outcomes. Specifically, it examines whether two internal levers, organisational culture and audit quality determine differences in IR quality, and whether high-quality IR, in turn influences equity value and cost of debt in SSA's relatively small, bank-dominated capital markets. The central question of this study is whether internal organisational signals are sufficient to make IR of high quality in settings where external oversight is limited.

To address this, the research draws on several complementary theoretical perspectives. The Legitimacy theory explains how pressures for transparency and accountability influence the extent and quality of firms' disclosures. The Institutional theory highlights the role of structural voids, weak enforcement, and fragmented regulation in shaping uneven IR adoption across SSA. The Resource-Based View theory (RBV) conceptualises organisational culture and audit quality as distinctive, value-creating resources that strengthen overall reporting quality and sustainability. Finally, the Stakeholder and Contingency theory together acknowledge that different capital providers, particularly investors and creditors, may interpret and respond to reporting quality in varied ways, depending on their informational needs and risk perceptions. When viewed together, these perspectives provide a richer analytical lens for understanding not only why IR quality differs across firms and countries, but also how such variation affects access to finance within SSA's diverse and often underdeveloped capital markets.

Within this theoretical structure, the roles of organisational culture and audit quality are central. They are not treated merely as antecedents that determine IR quality but as moderating factors, that influence how high-quality reporting translates into financial outcomes. In other words, these factors shape whether IR strengthens or weakens a firm's ability to attract investment and secure debt on favourable terms. The analysis distinguishes between two financial pathways through which these effects may occur: the equity-valuation channel, where high-quality IR enhances investor confidence and firm value; and the debt-leverage channel, where strong reporting quality can reduce perceived risk and borrowing costs.

Exploring these dual pathways, allows the study to assess, whether IR quality exerts similar or contrasting effects on the two principal sources of corporate funding, equity and debt. This conceptual framing bridges the theoretical foundations established earlier with the empirical review that follows, which traces the evolution and practice of IR globally and within the SSA context.

1.2 Background and Context

1.2.1 Global Momentum behind IR

By the mid-2000s, early adopters of the 'one-report' approach, such as Novo Nordisk in Denmark and the Co-operative Bank in the United Kingdom, had begun showing that it was possible to integrate financial and sustainability information within a single, coherent narrative (De Villiers and Dimes 2022). The IIRC's 2013 Framework formalised these efforts, codifying the six capitals and eight guiding principles into a shared language for preparers, assurers, and users (International Integrated Reporting Council 2013).

Global uptake has accelerated. The European union's corporate sustainability reporting directive (2022) and the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) (2023) draw directly on IR's connectivity principles. Academic interest has surged, with peer-reviewed IR articles growing from fewer than ten in 2012 to over ninety a decade later (De Villiers and Sharma 2020; Ecim and Maroun 2023). In high-information markets, IR quality is now linked to narrower bid-ask spreads, tighter analyst forecasts, and reduced cost of capital.

1.2.2 Sub-Saharan Uptake: Strong Norms and Thin Enforcement

Africa's IR adoption has largely been driven by governance codes rather than statutory mandates. King III encouraged JSE-listed firms to integrate their reports; King IV reinforced this under 'apply and explain' (Institute of Directors in South Africa 2009, 2016). By 2024, majority of JSE large capitalisation companies published integrated reports, with substantive improvements in readability and assurance following King IV (Chininga, Alhassan and Zeka 2024; Denhere 2024).

Beyond South Africa, Kenya's Capital Markets Authority (2017), Nigeria's Financial Reporting Council (2019), and The Mauritius National Committee on Corporate

Governance (2016) issued IR guidance. Although these initiatives are voluntary, they have begun to shape how investors, rating agencies, and lenders evaluate corporate transparency and performance. The PAIRN, for instance, connects thirteen stock exchanges through collaborative peer-learning initiatives (Pan-African Federation of Accountants 2023).

Despite this progress, many SSA markets continue to face challenges such as low trading volumes, limited analyst participation, and inconsistent enforcement of legal and governance standards. In such contexts, internal factors, including a strong organisational culture and high audit quality, tend to exert an outsized influence on the perceived quality of IR.

1.2.3 Internal Levers: Culture and Audit Quality

Longer board tenure allows directors to accumulate strategic insight and a deeper appreciation of the organisation's operating context. This institutional memory helps connect past performance with current strategy and future risks, giving greater coherence to IR narratives. Similarly, low employee turnover helps retain tacit organisational knowledge, the shared routines, ethical norms, and informal processes that underpin consistent and high-quality disclosure. In this way, cultural stability reduces the likelihood of fragmented or inconsistent reporting and can act as a steadying influence when external conditions are volatile. Previous research shows that organisational culture affects the integrity and connectivity of disclosure by embedding collective values and learning behaviours within reporting processes (Ahmed Haji and Anifowose 2016; De Villiers and Dimes 2022). In African contexts, cohesive workplace cultures are often linked with stronger stakeholder orientation and clearer reporting structures (Maroun 2018), suggesting that culture operates not only as an internal control mechanism but also as a catalyst for richer, more coherent disclosure.

Audit quality adds an independent layer of confidence to these internal processes. Regular audit-committee meetings promote continuous oversight and enable early identification of emerging reporting risks. Appropriate auditor tenure provides a balance between familiarity, essential for contextual understanding and professional scepticism, which guards against complacency. Likewise, audit fees that are proportionate to engagement complexity signal genuine investment in assurance rather than superficial compliance. Evidence indicates that stronger audit quality enhances investor trust and reduces perceived information risk, particularly in emerging economies where enforcement remains weak (Khlif and Achek 2016; Al-Shaer and Zaman 2018). Such assurance mechanisms reinforce the link between IR quality and financing outcomes by signalling discipline and reliability in financial communication (Maroun 2018).

Together, these factors operate as internal quality enhancers. Culture shapes the authenticity and completeness of information presented, while audit quality strengthens its reliability for investors and lenders. In SSA's bank-dominated markets, where analyst coverage and regulatory enforcement are often limited, these internal cues can exert a disproportionate influence on perceptions of organisational strength and risk, affecting both the cost and availability of capital. This interaction between cultural cohesion and audit oversight therefore forms a core pillar of the study's empirical design, offering a micro-level perspective on how IR quality develops within firms. The SSA setting amplifies this importance: markets remain relatively shallow and ownership structures concentrated (Alhossini, Ntim and Zalata 2021), making internal mechanisms critical substitutes for formal enforcement.

Recent studies further suggest that the relationship between disclosure quality and firm-level outcomes is rarely linear but shaped by moderating influences such as culture and audit quality (García-Sánchez, Martínez-Ferrero and Garcia-Benau 2019; Vitolla, Raimo and Rubino 2020). In environments with weak regulatory enforcement, these factors can either strengthen or dilute the financial effects of IR quality. Audit quality, for example, has been shown to moderate the relationship between ESG performance and firms' cost of capital (Hazaea, Cai, Khatib and Hael 2025), while culture enhances the link between ethical leadership and transparency (Haji and Anifowose 2016). Firms that cultivate cohesive cultures and rigorous audit oversight therefore amplify the signalling value of their reporting, boost investor confidence, and may ultimately lower their cost of equity and debt (Thi, Vu, Dam and Nguyen 2025). Accordingly, this study treats organisational culture and audit quality not only as determinants of IR quality but as moderating conditions that shape how effectively high-quality reporting translates into financial advantage within SSA's hybrid financing structures, where bank lending predominates and capital markets remain thin.

It is this potential, yet underexplored, role of culture and audit quality as decisive market signals in the SSA context that defines the core research problem addressed in the following section.

1.3 Research Problem

Despite more than a decade of progressive adoption, IR in SSA remains uneven in both quality and credibility. Empirical studies have shown that although IR disclosure has improved following governance reforms such as King III and IV, the depth and connectivity of reporting vary substantially across firms (Ahmed Haji and Anifowose 2016; Maroun 2018). Many reports remain compliance-driven, with symbolic references to sustainability rather than integrated value creation (Barth, Cahan, Chen and Venter 2017; Velte 2023). While governance codes such as King IV have raised the baseline level of disclosure, the substance of those disclosures, and their capacity to influence capital markets, varies widely across firms. This unevenness reflects persistent disparities in reporting maturity, board commitment, and assurance depth across SSA (Maroun 2019a; De Villiers and Dimes 2022). In many instances, reports satisfy form but not substance, offering templated sustainability narratives with limited strategic or financial integration. This raises a fundamental question: what differentiates firms that produce genuinely credible IR from those that engage in symbolic compliance?

Existing empirical work in SSA has tended to focus on broad governance variables (for example: board size, CEO duality, ownership concentration) or country-level cultural indices to explain variation in IR quality. For instance, studies by Ahmed Haji and Anifowose (2016) and Maroun (2018), which examine general governance determinants of disclosure without considering firm-level culture or audit mechanisms. These approaches overlook micro-level levers that operate within the firm, such as the stability of leading and working in teams and the rigour of audit oversight. Board tenure and employee turnover, for example, can directly influence the coherence, depth, and forward-looking orientation of disclosures, while audit committee diligence, optimal auditor tenure, and proportionate audit fees can strengthen the verification and assurance process. Yet, few studies have modelled these variables concurrently or tested their interaction effects, leaving a conceptual gap in understanding how internal mechanisms jointly influence IR credibility and its market consequences (Raimo, Vitolla, Marrone and Rubino 2021b; García-Sánchez, Raimo, Amor-Esteban and Vitolla 2023).

A second gap, empirically, concerns the capital-market consequences of IR quality in SSA. While studies from Europe, Australia, and parts of Asia demonstrate associations between high-quality IR and favourable financing outcomes such as improved share valuation and lower cost of debt leverage (Lee and Yeo 2016; Barth *et al.* 2017; Vitolla, Raimo and Rubino 2020), these findings cannot be assumed to translate to SSA's relatively small, bank-dominated capital markets, characterised by limited liquidity and shallow investor participation. In SSA, where equity markets are sparsely traded and debt is largely bank-financed, information asymmetry and limited analyst coverage may weaken or distort the market response to IR quality (Ntim 2013; Ecim and Maroun 2023). Without longitudinal, multi-country evidence, the extent to which IR quality influences share price performance, or leverage in SSA remains unknown.

Furthermore, the moderating role of organisational culture and audit quality has received minimal attention in this discourse. These internal mechanisms may condition how IR quality translates into financing outcomes, strengthening credibility when culture and audit oversight are robust, or weakening it when they are deficient (Ahmed Haji and Anifowose 2016; Hazaea *et al.* 2025). By viewing culture and audit quality as moderating forces, this study extends prior literature beyond direct cause-effect models, recognising that the impact of IR on equity valuation and debt financing is contextually shaped by governance quality and assurance intensity within firms.

The third and perhaps most critical gap has often defaulted to signalling explanations in situations whereby credible IR reduces information asymmetry and earns the trust of capital providers. However, signalling alone does not fully capture the realities of SSA markets. To address this limitation, this study applies a multi-theoretical framework. It applies Legitimacy, Institutional, RBV, and Stakeholder/Contingency theories to construct a richer explanatory model. The Legitimacy theory frames the external credibility problem: why some IR disclosures are accepted while others are dismissed as symbolic. The Institutional theory explains the constraints of SSA's regulatory and enforcement context, where soft-law codes often fail to ensure substantive quality. The RBV highlights how organisational culture and audit quality function as scarce, firm-level resources that can create sustainable credibility advantages. Finally, the Stakeholder/Contingency theory clarifies why capital-market outcomes may diverge between investors and lenders, depending on which cues they value and how they assess credibility.

These three gaps, relating to drivers, consequences, and mechanisms, are more than academic. For corporate boards, the answer determines whether investments in cultural stability and audit rigour translate into tangible financing advantages, or whether such resources could be better deployed elsewhere. For regulators, it informs whether soft-law codes are sufficient to produce market-relevant reporting quality. For investors and lenders, it clarifies whether IR can be relied upon as a decision-useful signal in the absence of strong external enforcement.

Several recent African studies have examined elements of this problem but have not provided an integrated, multi-country analysis linking internal drivers, IR quality, and financing effects. For example, Ahmed Haji and Anifowose (2016) explored preparers' perceptions of IR quality in South Africa; Maroun (2018) examined assurance and credibility mechanisms; and Chijoke-Mgbame, Mgbame, Akintoye and Ohalehi (2020) evaluated governance and performance linkages. However, not many of these studies modelled the moderating influence of organisational culture and audit quality within a panel framework or tested their combined effects on both equity and debt leverage outcomes. This study therefore contributes by filling this gap, offering a more comprehensive empirical assessment of IR quality and financial relevance in SSA.

1.4 Aim, Objectives and Research Questions of the Study

1.4.1 Aim

The aim of this study is to investigate how organisational culture and audit quality influence the quality of IR in SSA listed firms, and whether IR quality in turn affects firms' equity valuation and debt leverage. The study further examines the moderating influence of organisational culture and audit quality on these relationships.

1.4.2 Objectives

To achieve this aim, the study pursues the following specific objectives:

1. To examine the influence of organisational culture and audit quality on IR quality in SSA listed firms.
2. To assess whether IR quality influences firms' equity-market valuation in SSA and how this relationship is moderated by organisational culture and audit quality.
3. To evaluate how IR quality influences firms' debt leverage and whether organisational culture and audit quality moderate this relationship.
4. To synthesise the findings into a financing framework for SSA.

1.4.3 Research Questions

In accordance with the above objectives, the study addresses the following key Research Questions (RQ):

Objective 1:

RQ1: How does organisational culture affect IR quality in SSA listed firms?

RQ2: To what extent does audit quality predict IR quality?

Objective 2:

RQ3: Is IR quality associated with higher equity-market valuation in SSA firms?

RQ4: Does organisational culture and audit quality moderate the relationship between IR quality and equity-market valuation?

Objective 3:

RQ5: What is the association between IR quality and firms' leverage levels as a measure of capital-structure composition?

RQ6: Does organisational culture and audit quality moderate the relationship between IR quality and leverage?

Objective 4:

RQ7: How can the interaction of organisational culture, audit quality, and IR quality be translated into a practical framework for boards and regulators in SSA?

1.5 Significance of the Study

The significance of this study lies in its potential to contribute theoretically, empirically, methodologically, and practically to the discourse on IR in SSA. By focusing on internal levers that are both measurable and actionable, it addresses knowledge gaps that limit both academic understanding and corporate decision-making. Specifically, the study's originality rests in integrating organisational culture and audit quality not only as determinants of IR quality but also as moderating mechanisms that shape how IR credibility influences firms' financing outcomes. This multidimensional focus lays the foundation for the theoretical contributions outlined in the next subsection.

1.5.1 Theoretical Contribution

This study extends the theoretical discourse on IR by moving beyond a narrow reliance on signalling theory and instead adopting a multi-theoretical framework. With reference to the Legitimacy, Institutional, RBV and Stakeholder/Contingency theories, the study provides a richer, context-specific explanation of IR quality in SSA; it demonstrates that IR credibility cannot be understood solely as a costly signal but must be analysed as the outcome of legitimacy pressures, institutional constraints, firm-level resource endowments, and audience-specific contingencies. By modelling organisational culture and audit quality together, it addresses a limited area of exploration in IR literature, which has typically examined these levers in isolation. By integrating these micro-level drivers with broader institutional and stakeholder dynamics, this study develops a framework which clarifies the boundary conditions under which IR quality influences equity and debt financing.

1.5.2 Empirical Contribution

The research contributes a balanced-panel analysis of IR quality and capital-market outcomes across 11 SSA exchanges, covering 670 firm-years from 2014 - 2023. It introduces novel micro-level culture proxies (board-tenure depth, employee-turnover stability), alongside refined audit-quality measures, offering an empirical lens that is both granular and region-specific. Importantly, it adopts a dual financing perspective, testing equity valuation and debt leverage channels in the same study to reveal potential asymmetries in how IR credibility is rewarded. This two-dimensional view departs from earlier SSA studies, which have typically considered either disclosure determinants or market outcomes in isolation.

1.5.3 Methodological Contribution

Methodologically, the study contributes by integrating disclosure quality modelling with capital-market analysis within a single panel framework, thereby bridging two strands of SSA accounting research that have historically evolved separately. It measures and validates IR quality using the Bloomberg IR dataset to ensure consistency and comparability across firms. Furthermore, by explicitly modelling moderating effects, the study advances analytical rigour in disclosure research by capturing interaction dynamics that earlier studies often overlooked. This moderated-mediation design enhances understanding of how, and under what conditions, IR quality translates into financial outcomes, offering a more nuanced methodological pathway for future research on corporate disclosure and financing in emerging economies.

1.5.4 Practical and Policy Relevance

The findings will provide boardroom guidance on which governance levers yield the greatest returns in IR credibility and financing outcomes, enabling more targeted allocation of governance resources. For regulators, the results will inform the calibration of IR policy, clarifying whether soft-law codes are sufficient or whether mandatory requirements may be justified. The study also aligns with Sustainable Development Goals' (SDGs) 8, 9, 12, 13, 16 and 17, mentioned herein highlighting IR's role in fostering sustainable economic growth, responsible production, climate action, strong institutions, and cross-sector partnerships.

1.6 Structure of the Dissertation

The study unfolds over nine chapters tabled below:

Table 1-1: Structure of the Dissertation

Chapter	Purpose and Description
1	Introduces the study's context, research problem, objectives, and significance.
2	Conceptual foundations: it traces global IR evolution, maps SSA adoption, and develops a multi-theoretical framework (Legitimacy, Institutional, RBV, and Stakeholder/Contingency) linking culture, audit quality, IR quality, and financing outcomes.
3	Systematic literature review synthesises outcomes, constraints and impacts, positioning the study within unresolved debates.
4	General research design methodology: The study outlines paradigm, sampling, variable construction, and econometric strategy.
5	Models IR quality as an outcome of culture and audit quality (Objective 1).
6	Tests equity-market effects of IR quality, including moderation (Objective 2).
7	Tests debt-leverage effects of IR quality, including moderation (Objective 3).
8	Synthesises findings into a financing framework for SSA (Objective 4).
9	Summarises contributions, policy implications, and avenues for further research.

Source: Own contribution

By clarifying the institutional backdrop, identifying critical gaps, and specifying the study's contributions, this chapter lays the foundation for the theoretical scaffolding that follows. Chapter Two will elaborate on this platform by unpacking the conceptual relationships between organisational culture, audit quality, IR quality, and capital-market outcomes, anchored in the multi-theoretical framework. This conceptual grounding will ensure that the empirical work in Chapters Five to Seven is firmly embedded in a coherent theoretical framework.

CHAPTER TWO
OVERVIEW OF INTEGRATED REPORTING AND SUB-SAHARAN AFRICA

2.1 Chapter Overview

This chapter provides an overview of Integrated Reporting (IR) and its relevance to Sub-Saharan Africa (SSA). It defines IR as a form of corporate reporting that integrates financial and non-financial information, including environmental, social and governance (ESG) factors, into a single, connected narrative explaining how an organisation creates value over time. In this study, IR is contextualised as both a reporting framework and a practice, reflecting how firms communicate strategy, performance, and sustainability in an interconnected way.

This chapter establishes the conceptual foundations of the study. It situates IR within both global and African practice, then clarifies what is meant by 'IR quality' and how it can be assessed consistently across multiple exchanges. It advances the argument that two internal levers, organisational culture and audit quality, influence the quality and reliability of IR disclosures, before examining why IR quality should, and often does, matter for equity and debt-leverage outcomes in the relatively small, bank-dominated markets of SSA. The discussion then develops a multi-theoretical framework, drawing on the Legitimacy Theory (external credibility pressures), the Institutional theory (regulatory voids and enforcement weakness), the Resource-Based View (culture and audit quality as firm-specific resources), and Stakeholder/Contingency Theory (audience-dependent outcomes). These lenses are mapped to the study's objectives, constructs, and the empirical chapters that follow.

Globally, IR has moved rapidly from experimental pilots run by a handful of European and Australasian pioneers to a recognised disclosure model referenced by regulators, investors, and standard setters across continents (Adams 2017; Rinaldi, Unerman and De Villiers 2018; Ecim and Maroun 2023). In SSA, adoption has been steep, aided by early regulatory encouragement, yet academic understanding remains fragmented, particularly regarding the firm-level drivers that enhance IR quality and the channels through which high quality disclosures influence equity valuation and debt structure (Ahmed Haji and Anifowose 2016; Tilt, Qian, Kuruppu and Dissanayake 2021).

To address this gap, the chapter constructs the intellectual scaffold for the empirical work to follow. Section 2.2 traces IR's global trajectory and regulatory diffusion into Africa. Section 2.3 clarifies competing definitions of 'IR quality' and the composite metrics suitable for cross-market analysis. Sections 2.4 and 2.5 examine organisational culture and audit quality as internal credibility drivers. Section 2.6 considers why capital-market consequences, both equity and debt, are amplified in SSA, while Section 2.7 sets out signalling theory alongside complementary lenses. Sections 2.8 and 2.9 present the conceptual map and core variables, before Section 2.10 broadens the frame to align the study with relevant Sustainable Development Goals (SDGs). Section 2.11 then summarises how these foundations support the research design and analytical approach in subsequent chapters.

2.2 Evolution of Integrated Reporting

2.2.1 Global Emergence of IR

Early 'one-report' experiments, by Novo Nordisk in Denmark and the co-operative bank in the UK, demonstrated between 2003 and 2007, that social, environmental and financial narratives could coexist in a single document (Eccles and Krzus 2010; De Villiers and Dimes 2022). Such integrated documents challenged the long-standing separation between sustainability reporting and financial statements. Momentum accelerated with the creation of the International Integrated Reporting Council (IIRC) in 2010 and the release of the International IR Framework in 2013 (International Integrated Reporting Council 2013). By codifying the six capitals and eight guiding principles, the framework provided a shared grammar for preparers, auditors, and analysts to interpret and compare disclosures consistently. Academic interest grew in parallel: the annual count of peer-reviewed IR articles grew from single digits in 2012 to over ninety a decade later (De Villiers and Sharma 2020), with research moving beyond descriptive case studies, to econometric analyses linking IR quality to various spreads, including analyst-forecast accuracy and the cost of capital (Barth *et al.* 2017; Maroun 2020).

This global trajectory has been reinforced by the consolidation of reporting initiatives, most notably the integration of the IIRC into the Value Reporting Foundation and, subsequently, its absorption into the International Financial Reporting Standards (IFRS) Foundation in 2021, paving the way for alignment between IR principles and the International Sustainability Standards Board (ISSB) requirements (International Integrated Reporting Council 2021; International Sustainability Standards Board 2023). Africa has not been a passive observer in this evolution: South Africa has played a prominent role in shaping IR discourse, and other African markets have begun embedding IR concepts into governance codes and regulatory guidance (Atkins and Maroun 2015; Moloi and Iredele 2020).

For SSA, however, this convergence between voluntary IR frameworks and mandatory sustainability standards brings both opportunity and urgency. Opportunity in the form of access to a broader pool of investors familiar with ISSB aligned disclosures and urgency because markets in the region must adapt quickly to remain credible in a tightening global disclosure environment (Malola and Maroun 2019; Aziza 2021; International Integrated Reporting Council 2021; International Sustainability Standards Board 2023). These conditions make SSA an important testing ground for whether internal organisational factors, such as culture and audit quality, translate into higher IR quality and, in turn, into tangible equity and debt market benefits.

As these developments take root, the question shifts from whether companies in SSA adopt IR principles to how well they apply them, making the measurement of IR quality a critical focus for both scholars and policymakers.

Much of the cross-market IR literature operationalises ‘quality’ through vendor composites or content indices. While pragmatic for cross-country work, these proxies’ risk algorithmic opacity, language bias (mixed English and/or indigenous languages) and construct under-coverage of narrative coherence. These limitations matter particularly in SSA, where limited coverage and inconsistent reporting styles may introduce measurement bias. Chapter Four therefore reports validation checks to strengthen construct validity drawing on the Bloomberg dataset, which applies comparable measurement standards across markets.

2.2.2 Regulatory Milestones on the African Continent

Africa's formal engagement with IR began through governance codes rather than statutory mandates. South Africa's King III Report encouraged Johannesburg Stock Exchange (JSE) issuers to adopt IR, framing it as best practice in corporate governance (Institute of Directors in South Africa 2009).

King IV strengthened this stance through an 'apply and explain' regime, shifting from voluntary adoption to an expectation embedded in governance evaluation (Institute of Directors in South Africa 2016). Within five reporting cycles, the majority of JSE-listed companies complied, and content analyses has documented remarkable improvements in connectivity, strategic focus, and readability following King IV's implementation (Tlili, Ben Othman and Hussainey 2019; Denhere 2024).

Beyond South Africa, IR principles have diffused through soft-law instruments. Kenya's Capital Markets Authority issued formal IR guidance in 2017 (Capital Markets Authority 2017); Nigeria's Financial Reporting Council incorporated IR language into its National Code of Corporate Governance in 2018 (Financial Reporting Council of Nigeria 2019); Mauritius revised its Corporate Governance Code in 2019 to reflect integrated thinking (National Committee on Corporate Governance 2016). While these codes are not legally binding, they influence institutional investors, credit-rating agencies and cross-listing requirements, giving them tangible market impact.

The continent's collaborative efforts have been bolstered by the launch of the Pan-African Integrated Reporting Network (PAIRN), providing a platform for exchanges and regulators to share experiences and harmonise practices (Pan-African Federation of Accountants 2023). At a global level, the ISSB's release of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) in 2023 signals a likely convergence between voluntary IR approaches and mandatory sustainability reporting (International Sustainability Standards Board 2023). For SSA firms, aligning with these standards is not only a matter of compliance and readiness but also a strategic move to attract capital in markets where investor trust hinges on credible, decision-useful reporting.

As these developments take root, the question shifts from whether companies in SSA adopt IR principles to how effectively they implement them, making the measurement of IR quality a critical focus.

2.3 Integrated Reporting Quality: Concept and Measurement

2.3.1 IR Quality Concept

In the context of SSA's evolving adoption of IR, the concept of 'quality' takes on a particularly practical significance. Once the decision to produce an IR has been made, the real differentiator lies in how well that report communicates the organisation's value-creation story in a way that is credible, connected and decision-useful. According to the International IR Framework, a high quality of IR is strategically focused, forward-looking, and demonstrates clear connectivity across the six capitals, namely, financial, manufactured, intellectual, human, natural, social and relationship (International Integrated Reporting Council 2021).

Most importantly, quality is not about the length of disclosures, but rather about integration, how effectively, the narrative, strategy, performance indicators, governance structures, and resource dependencies are woven into a coherent whole that stakeholders can use for informed decision-making (Maroun 2019a).

Scholars have translated these qualitative ideals into three main operational perspectives:

a) Compliance lens: assesses the presence of the Guiding Principles and Content Elements, providing a structural measure of adherence to the IR Framework (Barth *et al.* 2017; Moloi and Iredele 2020).

b) Breadth lens: evaluates the extent of coverage across all six capitals, signalling how comprehensively the report addresses the organisation's value creation model (van Bommel 2014; Grassmann, Fuhrmann and Guenther 2019).

c) Narrative-coherence lens: examines the causal links drawn among strategy, risk, governance, and resource trade-offs, reflecting the connectivity central to the IR philosophy (Songini, Pistoni, Bavagnoli and Minutiello 2020).

As each lens captures only part of the construct, many studies now adopt composite vendor ratings that integrate these perspectives into a single metric (Malola and Maroun 2019; Raimo *et al.* 2021b; El-Deeb and Mohamed 2024). In SSA, where capital market maturity, regulatory enforcement and reporting traditions vary widely, such composite measures provide a consistent benchmark for IR quality, laying the foundation for examining its relationship with equity valuation and debt financing in the empirical chapters that follow.

2.3.2 IR in the Context of SSA

For developing economies in SSA, measuring IR quality is both an analytical necessity and a practical challenge. Composite IR quality scores, such as those aggregating compliance, breadth and narrative coherence, offer a pragmatic tool for cross-country analysis. They provide longitudinal consistency across multiple exchanges, facilitate balanced-panel estimation, and eliminate the need for laborious manual rescoring of hundreds of reports. It is imperative, as they ensure comparability across markets which differ significantly in disclosure traditions, governance norms and capital market maturity, which is an essential prerequisite for the cross-national scope of this study (Baboukardos and Rimmel 2016; Malola and Maroun 2019).

However, the uneven development of capital markets in SSA complicates the task. Coverage is strongest in South Africa, where the King Codes have embedded IR into mainstream governance and moderate in Kenya, but remains thin in frontier exchanges, such as Lusaka, Dar es Salaam, and Harare (Haji and Anifowose 2016; Institute of Directors in South Africa 2016; Moloi and Iredele 2020). Automated scoring algorithms can also misinterpret reports that blend English with local languages or merge statutory financial statements with voluntary narrative sections, which increase the risk of measurement error. Such inaccuracies are particularly problematic in smaller bank-centred economies, where investor confidence is fragile and the cost of capital remains high (World Bank 2022).

This uneven landscape reinforces the need for this study. In other words, without reliable and comparable data, such as those drawn from Bloomberg (2024), it is impossible to determine whether stronger disclosures meaningfully influence equity valuation and debt leverage in SSA. Addressing this gap requires not only measuring IR quality but also understanding the organisational drivers that enable certain firms to produce higher-quality reports under similar market conditions.

To mitigate known risks in composite IR measures, this study:

a) draws on Bloomberg's terminal, which applies standardised and comparable scoring criteria across firms,

b) tests robustness to alternative composite definitions (compliance and breadth only),

c) applies language and/or format controls (country dummies and normalising the report length) and

d) uses firm and year fixed effects to absorb unobserved heterogeneity. These safeguards reduce the risk that observed relations reflect measurement artefacts rather than substantive effects.

2.4 Organisational Culture as a Disclosure Driver

2.4.1 Firm-level Culture in Context

Culture, in its broadest sense, reflects the shared values, norms and assumptions that guide how people within an organisation think, behave and respond to challenges (Schein 2010). Culture, further acts as a social glue, shaping decision-making and influencing whether openness, caution, innovation or conformity prevail. While national culture sets the broader backdrop, organisational culture is more malleable and can diverge significantly from the country's cultural average, even among firms in the same sector (Denison 1990; Vitolla, Raimo, Rubino and Garzoni 2019b).

Hofstede's cultural model is made up of six key dimensions, namely:

a) power distance,

b) individualism versus collectivism,

c) masculinity versus femininity,

d) uncertainty avoidance,

e) long-term orientation and

f) indulgence.

The above offers a widely used macro-level framework for understanding how cultural values influence workplace behaviour (Hofstede 2011). However, these national-level traits are relatively stable and slow to change. In contrast, organisational culture can evolve over months or years under the influence of leadership style, strategic priorities and workforce dynamics (Rubino, Vitolla, Raimo and Garcia-Sanchez 2020).

The interaction between Hofstede's (2011) dimensions and firm-level practices, is particularly relevant to IR. For example:

a) Low power distance cultures encourage open dialogue and challenge to hierarchy, making it more likely that diverse perspectives will shape the IR narrative.

b) High collectivism can foster team cohesion, lower employee turnover and preserve institutional memory, which are both crucial for continuity in IR processes.

c) High uncertainty avoidance may push firms to provide detailed, risk-focused disclosures, particularly when guided by long-serving boards that hold deep organisational knowledge.

d) Long-term orientation aligns naturally with IR's multi-capital, forward-looking focus, often reinforced by stable governance structures and low workforce churn.

In SSA, these cultural dynamics can vary sharply between firms, despite operating under identical laws and stock exchange rules. These cultural dynamics makes board tenure and employee turnover useful, measurable proxies for organisational culture. Long-tenured boards accumulate strategic memory, allowing them to produce narratives that extend beyond quarterly performance to the organisation's broader value-creation journey (Vafeas 2003; Vitolla, Raimo and Rubino 2020). Likewise, stable workforces maintain tacit knowledge and cross-functional networks, making it easier to integrate disparate elements of the six-capitals model into coherent disclosures. Cultures that support open debate create psychological safety, enabling managers to disclose uncertainties transparently rather than resorting to boilerplate text (De Villiers, Naiker and Van Staden 2011; Lu, Ntim, Zhang and Li 2022).

2.4.1.1 Why Board Tenure?

Board tenure refers to the average length of service of directors on a company's board. In SSA, where board changes are triggered by political shifts, ownership transitions, or regulatory interventions, longer tenure can signal stability, continuity, and an accumulation of institutional knowledge. This stability supports several of IR's guiding principles, including connectivity of information, strategic focus and future orientation (International Integrated Reporting Council 2021).

From a Hofstede (2011) perspective, longer board tenure often reflects elements of long-term orientation, where decision-makers value sustained relationships and strategic continuity over short-term gains. Such boards may be more inclined to integrate financial and non-financial considerations, ensure cross-cycle consistency in reporting, and take a holistic view of material issues. However, excessively long tenure risks entrenchment, potentially reducing critical challenge, fostering groupthink, and slowing adaptation to emerging stakeholder expectations (Vafeas 2003; Vitolla, Raimo and Rubino 2020).

The use of board tenure as a cultural proxy is justified on both conceptual and practical grounds. Conceptually, tenure is closely tied to the accumulation of strategic memory, the organisation's stored knowledge of past decisions, stakeholder relationships and performance trends, which is critical for producing a coherent and forward-looking IR narrative. Studies show that longer board tenure enhances strategic continuity, shared understanding, and embedded organisational values that shape disclosure tone and coherence (Haji and Anifowose 2016; Huang and Hilary 2018). Practically, it is an observable and comparable metric across firms and years, consistently disclosed in corporate governance reports. This makes it particularly suitable for longitudinal and cross-country studies, where consistency in variable measurement is essential for drawing reliable inferences (Ntim, Lindop and Thomas 2013; Raimo *et al.* 2021b).

2.4.1.2 Why Employee Turnover?

Employee turnover measures the rate at which staff leave and are replaced within a given period. In SSA, a high turnover often signals instability, shortages of skilled labour, or weak organisational cohesion, factors that disrupt the knowledge continuity required to produce high-quality IR. Low turnover, on the other hand, indicates stronger internal cohesion, alignment between staff and organisational values, and the retention of tacit knowledge that supports integrated thinking and effective collaboration across departments (Veltri and Silvestri 2011; Morris 2015; Salvi, Raimo, Petruzzella and Vitolla 2022).

From a Hofstede (2011) perspective, high collectivism fosters strong group loyalty and long-term commitment to an organisation, reducing turnover and creating a stable foundation for sustained disclosure quality. Low uncertainty avoidance may also facilitate adaptability in reporting processes, but where it is coupled with low collectivism, it can encourage mobility and “job-hopping”, undermining continuity in disclosure efforts. Conversely, high uncertainty avoidance cultures may institutionalise standardised processes that survive individual departures, but turnover still disrupts the relational networks needed for integrating six capital information into a coherent narrative (Vitolla *et al.* 2019b; Bangara, Chesoli, Ngacho and Nyanga’u 2024).

The use of employee turnover as a proxy for organisational culture is justified on both operational and theoretical grounds. Operationally, turnover is a measurable and comparable metric disclosed in human capital or sustainability sections of annual reports, enabling consistent measurement across firms and time. Theoretically, workforce stability is critical to the connectivity, reliability and strategic focus dimensions of the IR Framework, as IR requires collaboration across multiple functional areas and consistent institutional memory (International Integrated Reporting Council 2021). By tracking turnover over time, research can capture a dynamic, firm-specific aspect of organisational culture that directly affects the capacity to produce decision-useful, credible integrated IR.

Low turnover may correlate with lower growth or labour market frictions, not just culture. Board tenure may reflect entrenchment. The empirical models therefore:

a) include growth and profitability controls,

b) test non-linear tenure effects and

c) run leave-one-country-out robustness checks to ensure effects are not country-specific artefacts.

2.4.2 Evidence from established and African markets

International evidence supports the link between these cultural proxies and disclosure quality. In more developed economies, extended board tenure has been associated with more comprehensive sustainability narratives and reduced textual obfuscation, suggesting clearer and more credible reporting (De Klerk, De Villiers and Van Staden 2015; Abu Afifa, Saleh, Al-Zaghilat, Thuneibat and Nguyen 2023). In other economies, firms with low employee turnover are more likely to secure third-party assurance for environmental data, signalling better internal information systems and a stronger commitment to disclosure integrity (Salvi *et al.* 2022).

African research remains sparse. Studies on governance and IR in SSA have largely focused on ownership concentration, board independence, and CEO duality, with board tenure and employee turnover rarely analysed in their own right (Anifowose, Abdul Rashid and Annuar 2017; Moloi and Iredele 2020).

This study addresses these gaps by embedding board tenure and employee turnover in a balanced panel from 2014 to 2023 across multiple SSA stock exchanges. This approach enables the first region-wide, multi-year assessment of whether governance stability and workforce cohesion translate into higher quality IR. The findings will be explored in Chapter Five, where these proxies are modelled as determinants of IR quality, and in Chapter Six and Seven, where their influence on equity and debt financing is tested respectively. Before turning to the empirical modelling, the next section examines audit quality as a complementary organisational factor that interacts with cultural attributes to shape IR outcomes.

2.5 Audit quality as a Disclosure Driver

2.5.1 Overview of Audit Quality

Audit quality is broadly defined as the joint probability that an auditor will both detect and report material misstatements in a company's financial or non-financial disclosures (DeFond and Zhang 2014; Rajgopal, Srinivasan and Zheng 2021). Detection capability depends on the auditor's technical competence, industry-specific expertise, and the extent of audit effort deployed. Reporting integrity hinges on independence, which is reinforced through robust governance mechanisms, particularly the role of the audit committee in overseeing external assurance processes. High audit quality strengthens the credibility of corporate disclosures, not only safeguarding the accuracy of financial statements but also enhancing trust in sustainability and governance information disclosed through IR (Knechel, Krishnan, Pevzner, Shefchik and Velury 2013; Knechel, Thomas and Driskill 2020).

The importance of audit quality extends beyond compliance. It plays a signalling role in capital markets. Investors, lenders and other stakeholders often view high quality audits as evidence of management's commitment to transparency and accountability (Francis 2011; Maroun 2019a). In the IR context, the breadth of information, spanning multiple capitals, requires assurance providers to adopt multidisciplinary approaches, making audit quality a multidimensional construct. While audit quality is inherently difficult to observe directly, certain observable patterns in governance and assurance practice can serve as credible indicators of its strength. Among these, the regularity of audit committee meetings, the length of the auditor-client relationship, and the scale of audit fees, provide tangible insights into how rigorously assurance is applied and overseen (Carson, Fargher, Geiger, Lennox, Raghunandan and Willekens 2013;

Elmarzouky, Hussainey and Abdelfattah 2024). Each of these elements captures a different facet of the assurance process, the intensity of oversight, continuity and independence, resource commitment. Respectively and together, they offer a practical lens through which the underlying quality of audits can be assessed. These dimensions form the focus of the following sub-sections.

2.5.1.1 Audit Committee Meetings

The frequency of audit committee meetings reflects the intensity of oversight over both financial reporting and wider corporate disclosures. Regular meetings demonstrate that the committee is actively monitoring internal controls, engaging with auditors, and ensuring that management addresses potential reporting issues promptly (Haji and Anifowose 2016; Deumes, Janssen, Krishnamoorthy, van Peteghem, Schelleman, Thuerheimer and Vanstraelen 2019). This ongoing dialogue between auditors, management and the board foster a governance environment that prioritises transparency and accountability.

Empirical research suggests that more frequent meetings are associated with higher quality disclosures and fewer instances of financial restatements (Bédard and Gendron 2010; Alhossini, Ntim and Zalata 2021). In an IR setting, where both financial and non-financial information must be integrated into a coherent narrative, such active oversight can ensure that sustainability related content is given equal scrutiny to financial data. For example, South African evidence indicates that active audit committees can enhance the readability and completeness of IRs, improving their usefulness to stakeholders (Du Toit 2017; Maroun 2019a). This implies that meeting frequency is not just a procedural metric, but a reflection of genuine engagement with the assurance process.

2.5.1.2 Audit Tenure

Auditor tenure measures the duration of the engagement between an audit firm and its client. A moderate tenure can enhance audit quality by allowing the auditor to accumulate company-specific knowledge, improving efficiency and the depth of risk assessment (Knechel and Vanstraelen 2007; Kamarudin, Wan Ismail and Ariff 2022).

However, excessively long relationships may impair independence, potentially leading to over-familiarity and reduced professional scepticism (Carey and Simnett 2006; Garcia-Blandon, Argiles and Ravenda 2020). Regulatory environments often aim to balance these opposing forces by recommending or mandating periodic rotation.

Within IR, the issue of tenure gains added significance because assurance covers not only financial performance but also narrative and sustainability disclosures. Stakeholders rely on the perception that the auditor's judgement is objective and unclouded by long standing relationships. Evidence from European markets suggests that tenure first improves perceived quality through better client understanding and over time reduces independence (Gul, Fung and Jaggi 2009; Kamarudin, Wan Ismail and Ariff 2022). This dynamic is under-researched in the SSA context, representing a gap that the present study addresses.

2.5.1.3 Audit Fees

Audit fees, when adjusted for inflation and firm size, are widely used as a proxy for the level of resources devoted to the audit process. Higher fees often reflect increased scope, greater complexity, or the use of specialist teams, which can enhance detection capability (Francis 2011; Maroun 2019a). Conversely, abnormally low fees may indicate cost-cutting, competitive fee pressure, or scope limitations, all of which could compromise audit quality (Choi, Kim, Kim and Zang 2010; Salehi, Komeili and Daemi Gah 2019).

In the IR context, the assurance task may require broader expertise, covering environmental performance, social impact, and governance practices alongside financial data. Adequately resourced audits are therefore critical to producing credible integrated disclosures. African market research revealed mixed patterns: whilst higher fees are generally linked to stronger governance signals, fee dispersion in countries such as Nigeria, cannot always be explained by complexity, suggesting variations in audit effort (Temitope, Anichebe and Ifeoma 2023). This highlights the importance of contextual factors in interpreting audit fee levels.

2.5.2 Evidence from established African markets

Research in developed markets, consistently found that active audit committees, optimal tenure and appropriately scaled audit fees were associated with reduced restatement risk, richer disclosure content, and stronger investor confidence (Carson *et al.* 2013; Salehi, Komeili and Daemi Gah 2019). Experimental studies further demonstrate that the credibility of corporate reports are heightened when stakeholders perceive transparent audit committee oversight (Cohen and Simnett 2015; García-Sánchez *et al.* 2023).

In African markets, empirical work is emerging but remains fragmented. African studies underscore the role of audit committee expertise in improving IR readability and stakeholder comprehension (Du Toit 2017; Maroun 2019a). Another African country's evidence points to fee structures that may not always align with complexity, raising questions about assurance consistency (Temitope, Anichebe and Ifeoma 2023). Yet, no cross-country SSA study has jointly analysed audit committee meeting frequency, tenure and fees as interacting determinants of disclosure quality. This is a gap which this research addresses in Chapters Five, Six and Seven respectively.

The discussion of audit quality naturally transitions into the next section, which examines how such governance and assurance signals, influence capital market outcomes. Understanding this connection is crucial for determining whether the credibility built through high quality audits are rewarded in terms of equity valuations and debt financing costs.

In weak-enforcement settings, creditors place more weight on auditable signals (fees scaled to complexity and committee activity) than on softer cultural cues. The study therefore expects stronger debt-leverage sensitivity to audit-quality indicators than equity-side sensitivity (developed formally in section 2.7 and tested in Chapters Six and Seven).

2.6 Capital market consequences of Integrated Reporting

Having established how organisational culture and audit quality influence disclosure quality, this section extends the discussion to the capital-market consequences of that quality. It explains how IR affects firms' access to and cost of financial capital within the context of SSA. The analysis is grounded in the study's multi-theoretical framework, integrating the Legitimacy theory (wherein a high quality disclosure earns a reputational or legitimacy premium), the Institutional theory (in weak-enforcement environments, creditors rely on hard and verifiable cues), the Stakeholder/Contingency theories (wherein different stakeholder groups interpret and react to disclosures according to their interests) and the Resource-Based View (RBV) theory (in which internal capabilities such as culture and audit quality underpin sustained reporting quality).

Within this framework, signalling theory serves as a complementary mechanism, explaining how the production of high quality, well-assured reports reduce perceived information risk and improves both equity valuation and debt-financing outcomes.

2.6.1 Equity Channel

At an equity level, high quality IR enhances legitimacy by strengthening investor confidence in the usefulness and integrity of information. When financial performance is integrated with ESG-related drivers of future cash flows, for example, carbon-transition plans affecting cost structures, human-capital investments influencing productivity, or governance mechanisms limiting downside risk, investors attach a quality premium that is reflected in share price performance (Barth *et al.* 2017; Vitolla, Raimo and Rubino 2020).

From an RBV perspective, firms with stable boards and cohesive workforces possess intangible resources that enable consistent and forward-looking communication. These internal capabilities underpin the quality and reliability of integrated disclosures, allowing management to articulate how ESG performance supports long-term value creation. The Stakeholder/Contingency theory further suggests that investor groups respond differently to these signals. Long-term investors reward coherent ESG narratives demonstrating strategic continuity, while short-term traders focus mainly on immediate outcomes. Accordingly, high-quality IR is expected to be associated with stronger equity-valuation effects, amplified where organisational culture reinforces consistency and strategic alignment.

In SSA's relatively thin and illiquid markets, limited analyst coverage and episodic trading magnify the effects of such high-quality disclosure. When investors encounter integrated narratives that clearly link ESG and financial sustainability, market reactions tend to be more pronounced than in deeper markets (De Villiers, Hsiao and Maroun 2020). The Signalling theory complements this by showing that producing high quality, well-assured IR, reduces uncertainty and perceived information risk, thereby supporting improved valuation. However, investors rapidly discount symbolic or formulaic ESG statements. It is only disclosures that demonstrate genuine integration between strategy, governance, and multi-capital performance which sustain a lasting premium.

The equity channel analysis advances the study's argument that IR quality functions as a resource-based differentiator, yielding tangible valuation benefits even under weak institutional conditions. It challenges the assumption that informational efficiency depends solely on market maturity, rather than showing that micro-level organisational quality can substitute for institutional depth in shaping equity-valuation outcomes in SSA.

2.6.2 Debt Channel in a Sustainability-oriented Era

In contrast to equity investors, lenders interpret IR through a risk-management lens. In bank-dominated SSA systems, the Institutional theory posits that creditors rely on verifiable, auditable cues when assessing recovery risk in weak enforcement settings. Firms demonstrating high IR quality, especially where audit oversight is robust and governance consistent, it signals reliability, compliance discipline and strategic control. Such disclosures reduce lenders' perceived uncertainty about repayment capacity and managerial integrity (Fan, Titman and Twite 2012; Raimo, Caragnano, Zito, Vitolla and Mariani 2021a).

From a Stakeholder/Contingency perspective, creditors weigh these auditable signals more heavily than softer cultural cues because their exposure is contractual and tied to default probabilities. Detailed, well-assured IR that integrates financial and ESG information, provides evidence of risk identification and mitigation, enabling lenders to assess both cash-flow stability and long-term solvency. The RBV reinforces this logic by framing audit and governance capability as internal resources that sustain the reliability of corporate reporting and reduce the cost of monitoring for lenders.

Evidence from developed markets indicate that borrowers producing high quality externally assured disclosures, often secure loans with narrower spreads and longer maturities (Raimo *et al.* 2021a). Within SSA, where bank lending dominates and formal bond markets remain shallow, such effects are likely intensified. At this point, credible IR quality, functions as a quasi-collateral signal, substituting for weak institutional enforcement and strengthening lender confidence in repayment prospects.

The debt channel discussion highlights that IR quality operates both as a reputational asset and as a governance mechanism influencing borrowing conditions. By offering verifiable evidence of strategic discipline and compliance capacity, firms improve lenders' trust and potentially lower financing constraints. Nevertheless, the same mechanisms may reinforce disparities which include resource-constrained firms that are unable to maintain high quality IR risk exclusion from affordable credit. Within SSA's institutional environment, reporting quality thus emerges as both an enabler of capital access and a marker of systemic inequality, warranting deeper examination in subsequent empirical chapters.

2.6.3 Reasons for amplified signals in SSA

The combined influence of equity and debt channels is amplified by SSA's distinctive institutional realities. Weak enforcement, concentrated ownership, and limited analyst coverage heighten the value of internal, verifiable signals. In the absence of strong external monitoring, resource-based view-type internal resources, organisational culture and audit quality, substitute for formal enforcement, allowing high quality IR to shape both investor and creditor perceptions. Equity markets respond through price adjustments when integrated ESG disclosure, demonstrates durable cash-flow potential (Barth *et al.* 2017), while banks adjust lending conditions when audit oversight lowers perceived recovery risk (Fan, Titman and Twite 2012; Raimo *et al.* 2021a).

Three reinforcing mechanisms explain this amplification. First, the limited financial intermediation and sparse analyst presence force investors and lenders to depend heavily on firm-generated information. Second, episodic trading means that new, high-quality information, triggers proportionally larger price or credit-term adjustments. Third, creditor conservatism in weak judicial environments, increase reliance on auditable cues such as an audit committee activity and proportionate audit fees. Collectively, these frictions magnify the market impact of high quality, well-assured IR.

The amplified signalling effect underscores the study's central proposition. Therefore consequently, this indicates that in fragile institutional settings, internal quality mechanisms are substituted for external enforcement, enabling firms with strong cultural stability and audit rigour to secure financing advantages. Nonetheless, this same dynamic may deepen divides, as only resource-rich firms can sustain consistent reporting quality. By distinguishing substantive from symbolic IR quality, the study advances the understanding of how reporting quality functions simultaneously as a competitive advantage and a constraint in SSA's evolving capital markets.

The insights developed in this section lay the foundation for Section 2.7, which integrates the four theoretical lenses, Legitimacy, Institutional, RBV, and Stakeholder/Contingency, into a unified conceptual model, retaining signalling, as the complementary mechanism, linking IR quality to equity- and debt-financing outcomes.

2.7 Theoretical Lenses

The study analyses how IR quality and internal governance mechanisms influence firms' capital-market outcomes in SSA. It is anchored in a multi-theoretical framework that integrates the Legitimacy theory, the Institutional theory, RBV, and the Stakeholder/Contingency theory. Together, these perspectives explain why firms commit to high quality IR, how internal and external mechanisms interact to shape that quality and under what conditions investors and lenders reward it.

Earlier IR research, Van Zijl, Maroun and Wöstmann (2017) and Sun, Davey, Arunachalam and Cao (2022), have relied heavily on the Signalling theory to explain reduced information asymmetry. This study retains Signalling only as a supporting mechanism, recognising its communicative value but extending analysis through the four-lens framework better suited to SSA's institutional and market context.

2.7.1 Legitimacy Theory

The Legitimacy theory argues that firms strive for congruence between their actions and the values of the societies in which they operate to maintain their 'licence to operate' (Suchman 1995; Deegan 2019). Within IR, high quality disclosures represent an attempt to build legitimacy by demonstrating accountability, transparency, and value creation across the six capitals. In SSA, where confidence in corporate governance is often weakened by inconsistent regulation and limited enforcement, IR quality becomes a strategic legitimacy mechanism, signalling alignment with emerging expectations of responsible and sustainable business practice.

Empirical studies show that legitimacy motivations, underpin voluntary disclosure in both developed and developing markets (Melloni, Caglio and Perego 2017; Villiers and Maroun 2017). For instance, Villiers and Maroun (2017) found that South African firms increased IR content following stakeholder criticism, while Melloni, Caglio and Perego (2017) demonstrated that narrative coherence in IR enhances perceptions of corporate integrity. By situating this theory within SSA, the present study extends these insights, positing that IR quality can generate a 'quality premium' in equity and credit markets when investors perceive disclosures as authentic rather than symbolic. The Legitimacy theory therefore provides the normative rationale for why firms invest in high quality IR despite limited regulatory enforcement, directly supporting Objectives 2 and 3, which examine its impact on valuation and financing.

2.7.2 Institutional Theory

The Institutional Theory explains how organisations conform to the formal and informal rules of their environments to gain legitimacy and stability (DiMaggio and Powell 1983; Scott 2013). In SSA, the absence of robust legal frameworks and the prevalence of soft-law codes such as King IV create institutional voids that weaken external monitoring. Under these circumstances, internal mechanisms, organisational culture and audit quality, substitute for weak institutions, serving as self-imposed disciplines that uphold reporting integrity.

Prior African studies, Baboukardos and Rimmel (2016); Maroun (2018) support this institutional-substitution argument. Maroun (2018) observed that South African companies used internal governance committees to compensate for weak enforcement of IR guidelines, while Baboukardos and Rimmel (2016) noted that firms in emerging markets adopt IR practices to emulate global norms and attract foreign capital. This study extends that reasoning by empirically testing how institutional weaknesses amplify the role of internal governance variables. This means where enforcement is weak, the marginal value of firm-level quality becomes higher. The Institutional theory thus underpins the expectation that audit diligence and cultural stability will exert stronger effects on IR quality and its financial consequences in SSA, aligning with Objectives 1 - 3.

2.7.3 Resource -Based View (RBV) Theory

RBV, conceptualises organisations as collections of tangible and intangible resources that can yield sustained competitive advantage when they are valuable, rare, inimitable, and well organised (Wernerfelt 1984; Barney 1991). Within IR, such resources include cultural coherence, manifested in stable leadership and workforce continuity, high audit capability, which together sustain consistent, high-quality reporting.

Scholars, Vitolla, Raimo, Rubino and Garzoni (2019a); Raimo *et al.* (2021b), have increasingly applied the RBV to explain differences in disclosure capability. Vitolla *et al.* (2019a) found that managerial competencies and cross-functional integration enhance IR adoption, while Raimo *et al.* (2021b) demonstrated that internal resource endowments predict IR quality across European firms. Building on this work, the present study argues that in SSA, culture and audit quality constitute intangible resources that enable credible reporting even in volatile institutional settings**.** These internal capacities explain persistent cross-firm heterogeneity in IR quality and provide the foundation for the moderating effects examined in Objectives 2 and 3. Critically, the RBV shifts the focus from compliance to capability, suggesting that sustained IR quality reflects strategic resource deployment rather than regulatory coercion.

2.7.4 Stakeholder and Contingency Theories

The Stakeholder theory, Freeman (2010); Grubnic (2014), recognises that firms operate within a network of stakeholders with diverse expectations. The Contingency theory on the other hand, Donaldson (2001) emphasises that organisational effectiveness depends on a situational fit. Applied to IR, these theories explain why different audiences interpret disclosure quality differently. This means that equity investors prioritise growth and future cash-flow information, whereas lenders focus on solvency, assurance, and control signals.

Existing studies highlight this audience segmentation like Eccles, Ioannou and Serafeim (2014) found that long-term institutional investors reward integrated disclosures that articulate sustainable strategy. Furthermore, Cheng, Ioannou and Serafeim (2014) reported that credit analysts value governance-related transparency more than narrative optimism. By incorporating both theories, the current study acknowledges that the relationship between IR quality and capital access is context and audience dependent. In SSA's bank-dominated systems, contingency effects are especially pronounced, which means audit quality may strengthen the debt-leverage side response, while cultural continuity may enhance equity valuation effects. This dual-lens approach therefore provides the conceptual basis for modelling interaction terms
(IR * culture; IR * audit quality) and supports Objectives 2 and 3.

2.7.5 Positioning of Signalling Theory (supporting lens)

The Signalling theory remains a foundational concept in disclosure research, explaining how firms use costly, verifiable information to convey quality and reduce information asymmetry (Spence 1978; Connelly, Certo, Ireland and Reutzel 2011). In IR, producing a comprehensive, externally assured report is itself a costly signal that separates credible firms from imitators (Barth *et al.* 2017; Van Zijl, Maroun and Wöstmann 2017). However, signalling alone cannot capture SSA's institutional nuances, where weak enforcement allows symbolic reporting.

Accordingly, this study treats signalling as a supporting mechanism rather than a central theory. It explains the communication process, how high-quality IR transmits firm quality to investors and lenders, while the four-lens framework explains the motivations, capacities, and contextual contingencies that determine when such signals are credible.

2.7.6 The Study's Theoretical Map

The integration of these theories provides a coherent framework for linking organisational drivers, IR quality, and capital-market outcomes. Each theory illuminates a different layer of the analytical model, from internal motivation and capability to external environment and stakeholder interpretation. Table 2-1 summarises how the theories collectively inform the study's research objectives, variables, and expected relationship.

Table 2-1: The Study's Theoretical Map

Theory	What It Explains Here	Linked Objectives / RQs	Main Variables	Expected Direction / Relationship
Legitimacy	Firms pursue high quality IR to strengthen their social acceptance and demonstrate accountability. High quality IR is expected to enhance both investor confidence and lender trust, resulting in improved equity valuation and more favourable debt conditions.	Objectives 2 and 3 / RQs 3 - 6	IR quality as reflected in disclosure depth and connectivity; capital-market indicators (share price valuation and debt structure)	Higher quality IR is expected to be associated with higher market valuation and reduced cost of debt.
Institutional	In environments characterised by weak enforcement and soft-law regulation, internal mechanisms such as culture and audit quality act as substitutes for formal institutional control.	Objectives 1 - 3 / RQs 1 - 6	Institutional context (country and industry effects); audit and culture proxies	The influence of culture and audit quality on IR quality and financing outcomes is expected to be stronger where institutional enforcement is weaker.

RBV	Organisational culture and audit quality represent valuable and distinctive firm resources that enable the production of consistent and high-quality IR. These resources also shape how firms benefit from IR quality in capital markets.	Objective 1 / RQs 1 - 2 and RQs 4 - 6	Board-tenure depth; employee-turnover stability; audit-committee activity; auditor tenure; audit fees	Firms possessing stronger internal resources are expected to demonstrate superior IR quality and to experience more pronounced valuation and financing advantages.
Stakeholder / Contingency	Different stakeholder groups, investors, lenders, regulators, interpret IR quality according to their unique objectives and risk perceptions. Contextual factors such as market depth and enforcement strength determine the nature and strength of these relationships.	Objectives 2 - 3 / RQs 3 - 6	Equity-market variables (share price); debt-market variables (leverage, cost of debt); interaction terms (IR * culture, IR * audit)	The effects of IR quality are expected to vary across stakeholder groups and market conditions, producing audience-specific and context-dependent outcomes.

Source: Own contribution

This mapping underscores that each theoretical lens addresses a distinct but interconnected layer of the study's conceptual model. The Legitimacy theory explains the pursuit of IR quality as a means of maintaining societal and stakeholder approval, establishing the normative basis for quality-driven disclosure. The Institutional theory situates this behaviour within SSA's weak enforcement environment, clarifying why internal resources are substituted for external regulation. The RBV adds an intra-firm dimension, conceptualising culture and audit quality as strategic assets that generate sustained reporting advantages. The Stakeholder and Contingency theories integrate these perspectives by recognising that different audiences interpret IR quality through their own priorities, leading to varied equity and debt outcomes across institutional contexts.

Together, these theories form a holistic explanatory framework that aligns directly with the study's four objectives and empirical design which identify disclosure drivers, examine capital-market effects, test moderating influences, and synthesise these relationships into a practical financial framework for SSA. This theoretical integration sets the foundation for Section 2.8, which presents the conceptual framework and hypotheses linking these constructs in a unified model.

2.8 Conceptual Framework

The study's conceptual framework integrates organisational culture and audit quality as firm-level internal drivers of IR quality and links these two concepts to firms' capital-market outcomes in SSA. The framework is grounded in the study's multi-theoretical foundation, which combines the RBV, the Legitimacy theory, the Institutional theory, and the Stakeholder/Contingency theories, with the Signalling theory retained as a supporting mechanism.

Under this integrated lens, organisational culture and audit quality are conceptualised using RBV as internal mechanisms that improve reporting quality. Meanwhile, the Institutional theory explains the increased significance of these resources within SSA's weak formal environment, where limited external assurances are provided by formal institutions. These firm-specific capabilities shape the quality, connectivity, and forward-looking orientation of IR. High quality IR then functions as a mechanism through which firms establish legitimacy and demonstrate accountability, transparency, and value creation to external audiences. Once disclosed, IR quality produces audience-segmented market responses, investors interpret enhanced ESG-financial connectivity as valuation-relevant information, while lenders assess assurance and governance signals in their credit decisions (Stakeholder/Contingency theories).

The framework therefore captures both the determinants and consequences of IR quality within SSA's institutional environment. It also recognises that costly, verifiable disclosures (Signalling theory) help convey firm quality and reduce perceived information risk in thin markets, thereby linking internal credibility to external financing outcomes.

Figure 2.1 below illustrates the hypothesised relationships. Organisational culture (proxied by board tenure and employee turnover) and audit quality (proxied by audit-committee meetings, audit tenure, and audit fees) act as internal resources influencing IR quality. IR, in turn, affects firms' capital-market outcomes, equity market valuation and debt leverage, with culture and audit mechanisms also moderating these relationships under high information-asymmetry conditions typical of SSA.

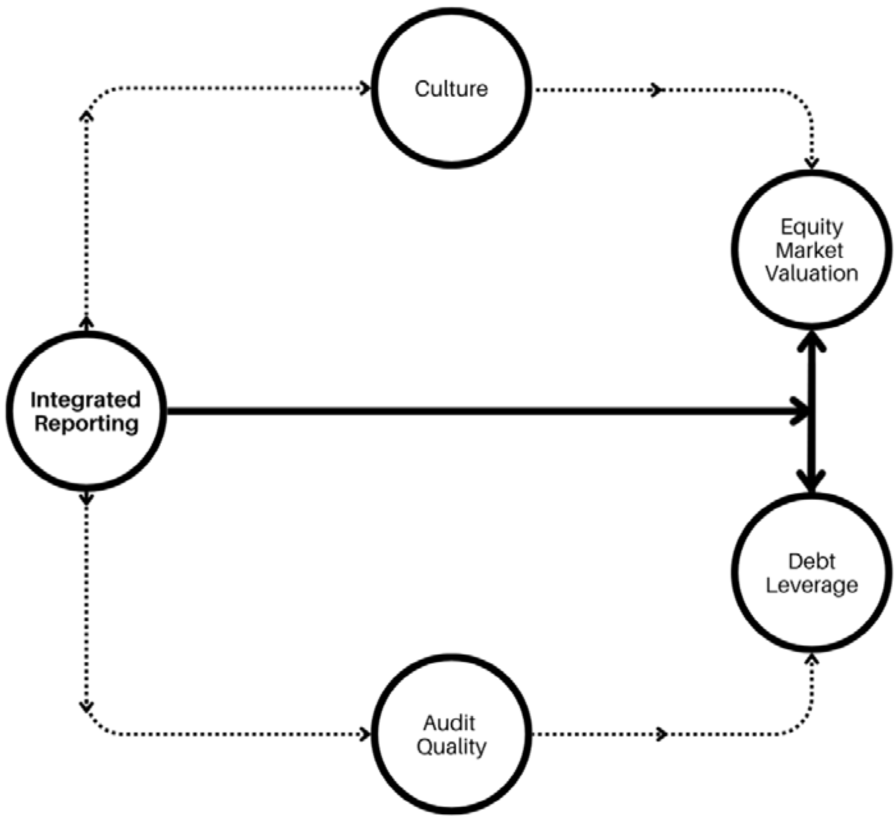

Figure 2-1: Conceptual Framework

Source: Own contribution

This framework provides the connecting thread between theory, literature, and empirical testing.

a) Chapter Five examines the determinants of IR quality through organisational and audit drivers (*Objective 1*).

b) Chapter Six analyses the impact of IR quality on equity valuation (*Objective 2*).

c) Chapter Seven explores how IR quality influences debt leverage and financing terms (*Objective 3*).

d) Chapter Eight synthesises these results into broader implications for policy, practice, and capital-market development in SSA (*Objective 4*).

Collectively, the framework underscores that credible and connected IR is not merely a disclosure exercise, but a strategic outcome of firm-level capabilities, operating within a weak institutional ecosystem, which is a premise that forms the foundation for the empirical analyses that follow.

The relationships proposed in Figure 2.1 necessitate clear operational definitions of the study's constructs and controls. Accordingly, the next section outlines the empirical variables, their theoretical justification, expected direction, and measurement approach, to ensure that each link within the conceptual framework can be tested rigorously across the SSA sample.

2.9 Empirical Variables and Study Context

The conceptual framework in Section 2.8 positions organisational culture and audit quality as internal resources that shape the quality of IR and through it, firms' capital-market outcomes in SSA. In this configuration, both culture and audit quality act not only as direct drivers of IR quality but also as moderating mechanisms that strengthen or weaken the relationship between IR quality and market outcomes under conditions of high information asymmetry. Translating this framework into measurable form requires selecting empirical variables that capture these constructs while remaining consistent with established disclosure valuation literature.

Organisational culture is conceptualised as the collective norms, values, and behavioural stability that influence strategic decision-making and disclosure integrity within a firm. Two observable indicators are employed:

a) Board tenure, reflecting the depth of strategic memory and continuity at leadership level, which enhances the capacity to sustain integrated thinking across reporting cycles; and

b) Employee turnover, capturing workforce stability and the retention of tacit knowledge that supports long-term value creation.

Together, these variables represent how cultural stability enables credible, coherent and forward-looking IR, core features highlighted earlier in Section 2.4.

Audit quality is defined as the extent to which the audit process provides reliable assurance and mitigates information risk. It is captured through three complementary indicators:

a) Audit-committee meetings, measuring the intensity of governance oversight;

b) Auditor tenure, reflecting the trade-off between accumulated institutional knowledge and potential familiarity threats; and

c) Audit fees, serving as a proxy for the level of resourcing and scope devoted to assurance activities.

These indicators collectively represent the multidimensional nature of audit quality and its role as an internal governance signal, as discussed in Section 2.5.

At the centre of the framework lies IR quality, the focal construct linking internal attributes to market outcomes. Conceptually, IR quality reflects the quality, connectivity, and forward-looking orientation of disclosures. In this study, IR quality is measured through a composite index that evaluates these dimensions using multiple established approaches from prior IR and sustainability disclosure research, such as content-element coverage, connectivity indices, and narrative-coherence measures, adapted to the SSA context. This broader approach ensures that this measure reflects both alignment with international IR principles and the contextual realities of emerging-market disclosure practices.

Within the empirical models, IR quality serves two roles:

a) As a dependent variable in Chapter Five, testing whether cultural and audit drivers enhance disclosure quality; and

b) As an explanatory variable in Chapters Six and Seven, examining whether higher quality IR is rewarded in capital markets through equity and debt-leverage channels.

The capital-market consequences of IR quality are examined along two distinct but related channels.

Equity-market valuation captures how investors incorporate high quality IR into pricing expectations, reflecting confidence in a firm's long-term sustainability and strategy execution.

Debt-market response captures creditors' perceptions of a firm's risk profile and financial costs. Consistent with prior literature, the study does not treat debt structure as an exogenous outcome. Instead, leverage is employed to infer how IR quality relates to effective borrowing costs and access to credit. This approach mitigates potential endogeneity concerns associated with strategic capital-structure decisions while maintaining theoretical coherence with disclosure financing research.

The Signalling theory complements these relationships by explaining how costly, verifiable IR disclosures, particularly those reinforced by credible cultural and audit signals, reduce uncertainty and enhance the perceived quality of governance in SSA's thin markets. Accordingly, culture and audit quality are expected to moderate the relationship between IR quality and both equity and debt outcomes therefore the stronger these internal signals, the more pronounced the market response to high-quality reporting.

To isolate these effects, the regression models incorporate several control variables representing firm performance, scale, maturity, balance-sheet strength, financial costs and macroeconomic conditions. These factors are known to influence disclosure quality and market valuation independently of the main constructs. Country and industry dummies are included to capture institutional and sectoral heterogeneity across SSA.

The empirical analysis draws on a balanced panel of 67 listed firms across multiple SSA exchanges during the period of 2014 to 2023, enabling both fixed and random effects estimation. This design calls for unobserved firm-specific heterogeneity while allowing the study to explore temporal and cross-sectional variation in IR practices and outcomes. Checks on robustness are applied to mitigate potential endogeneity and measurement bias.

The theoretical grounding, operationalisation and expected directions of these variables are elaborated in Chapter Four, while Chapter Five provides detailed empirical modelling of their interrelationships. Importantly, these constructs are not examined in isolation, but rather, within the broader context of sustainable finance. The next section therefore links this framework to the SDGs, illustrating how cultural stability, audit credibility, and transparent IR collectively advance global objectives for responsible governance, sustainable growth, and inclusive capital-market development.

2.10 The Bigger Picture: Sustainable Development Goals

The SDGs, adopted by the United Nations in 2015, are a universal blueprint for achieving a better and more sustainable future by 2030 (United Nations 2015, 2024). They comprise 17 interlinked goals, covering economic prosperity, environmental protection and social inclusion. Each goal is underpinned by measurable targets designed to mobilise governments, businesses and civil society towards shared development outcomes (Adams 2017; Ahmed 2023).

IR aligns intrinsically with this agenda. Its multi-capital perspective connects financial performance with human, intellectual, social and natural capital, thereby reflecting how firms create value over time in ways that extend beyond profit (Adams 2017; Ahmed 2023). In this sense, IR acts not only as a disclosure framework but as a strategic mechanism for operationalising and communicating corporate contributions to the SDGs. For firms in SSA, where institutional enforcement is uneven and stakeholder expectations are evolving, quality IR provides a channel through which alignment with sustainable-development priorities can enhance market trust, attract capital and reinforce legitimacy.

From the 17 SDGs, six are particularly relevant to the scope and variables of this study, as they intersect directly with the cultural, audit, and market dimensions of IR:

- SDG 8 - Decent work and economic growth

High quality IR, underpinned by stable organisational culture, demonstrates how firms sustain employment, promote inclusive growth and manage workforce well-being. Indicators such as low employee turnover and long board tenure signal long-term human-capital investment and ethical leadership which are key concerns for investors evaluating productivity and for lenders assessing operational resilience. In SSA, where labour markets are volatile, such stability embodies the RBV principle, that human and relational capital are valuable, rare and inimitable resources that support sustainable performance.

- SDG 9 - Industry, innovation, and infrastructure

IR that credibly links capital investment, innovation capacity and infrastructure development showcases a firm's readiness for industrial transformation. Culture-driven innovation narratives and audit-assured investment disclosures enhance the perceived legitimacy of these claims, helping firms access equity and debt financing for growth projects. This connection reinforces the Legitimacy and Institutional logic that firms demonstrating transparent innovation and governance, attract trust in contexts where external monitoring remains limited.

- SDG 12 - Responsible consumption and production

Through the disclosure of resource-use efficiency, waste management and supply-chain practices, IR communicates a firm's alignment with responsible production principles. Audit quality is particularly salient here. Well-resourced, independent audits validate sustainability data and reduce the risk of greenwashing. Such assurance mechanisms reflect the Institutional substitution effect, where internal governance compensates for weak environmental regulation, enabling markets to reward firms with lower perceived long-term risk.

- SDG 13 - Climate action

Transparent IR addressing climate-related risks and mitigation strategies demonstrates proactive governance and strategic foresight. Firms integrating climate metrics into their financial narratives enhance investors' ability to assess exposure to transition and physical risks, supporting more accurate valuation and credit pricing. This disclosure quality operates through both the Legitimacy and Signalling channels, communicating responsibility and quality to capital providers in the absence of stringent environmental enforcement.

- SDG 16 - Peace, justice, and strong institutions

Audit quality and board governance, which are central to this study's framework, contribute directly to institutional integrity and trust. Frequent audit-committee meetings, proportionate fees and calibrated auditor tenure represent credible governance mechanisms that foster transparency and accountability. These are the core tenets of SDG 16. In SSA's weak-enforcement settings, such internal discipline substitutes for formal regulatory strength, supporting the Institutional theory's assertion that robust internal governance can stabilise markets and build confidence among investors and creditors.

- SDG 17 - Partnerships for the goals

IR inherently requires cross-functional integration and external collaboration. By engaging diverse stakeholders, investors, auditors, regulators and communities, firms align with SDG 17's emphasis on partnership. These relationships enable knowledge exchange, shared reporting standards and access to blended finance opportunities, amplifying the influence of IR on both firm-level performance and systemic capital-market development. This resonates with the Stakeholder and Contingency perspectives, where effective collaboration and contextual adaptation enhance the utility of IR across audiences.

Collectively, these six SDGs situate the study within a broader developmental narrative. The relationship between organisational culture, audit quality and IR quality is therefore not limited to firm-level disclosure or valuation outcomes. It reflects a deeper alignment between corporate accountability and the global sustainability agenda. In SSA, this alignment reinforces the Legitimacy pathway by enhancing external credibility and encourages lenders' reliance on verifiable sustainability information, consistent with Institutional and Contingency reasoning.

IR's multi-capital logic aligns with SDGs 8, 9, 12, 13, 16 and 17. These SDG alignments reinforce the Legitimacy pathway (external credibility) and motivate lenders' attention to verifiable (Institutional/Contingency) sustainability information in weak-enforcement environments.

The next section, 2.11 Chapter summary, distils the core arguments made thus far, synthesising the literature and theoretical foundations to set up the empirical investigations in Chapters Four to Seven.

2.11 Chapter summary

This chapter established the study's conceptual foundation by integrating theoretical, empirical and contextual perspectives on IR within SSA. It developed a multi-theoretical framework in which organisational culture and audit quality are positioned as firm-level internal resources (as explained by the RBV), whose significance is heightened under weak institutional conditions (the Institutional theory). These resources shape IR quality, capturing the quality, connectivity and forward-looking nature of disclosures, which, in turn, yields legitimacy outcomes in capital markets that are contingent upon stakeholder interpretation and contextual factors (the Legitimacy and the Stakeholder/Contingency theories).

The chapter also clarified that the effects of IR quality are not uniform but depend on the specific audience and environment. Investors value information that enhances valuation confidence, while creditors respond to credible assurance and disclosure signals that mitigate perceived risk and influence firms' leverage structures. The Signalling theory complements this logic by illustrating how high-quality verifiable disclosures reduce information asymmetry and convey firm reliability, particularly within opaque SSA markets.

The framework illustrates that IR quality functions as both an internal capability and a mechanism for building external legitimacy, linking organisational stability and cultural continuity to the quality of disclosures that shape investor and creditor confidence.

The next chapter, Integrated Reporting in Sub-Saharan Africa: A Systematic Review of Outcomes, Constraints and Impacts, undertakes a PRISMA-guided synthesis of existing research to contextualise and inform the study's subsequent empirical analysis.

CHAPTER THREE
INTEGRATED REPORTING IN SUB-SAHARAN AFRICA: A SYSTEMATIC REVIEW OF OUTCOMES, CONSTRAINTS AND IMPACTS

3.1 Introduction

A literature review in a research study serves both to map the scope of existing knowledge and to identify gaps that warrant further inquiry (Tranfield, Denyer and Smart 2003; Hart 2018). Chapter Two established that organisational culture and audit quality are influential internal mechanisms shaping the quality of Integrated Reporting (IR), and the same quality IR practices, in turn, may influence how firms in Sub-Saharan African (SSA) access and structure both equity valuation and debt-leverage. These propositions, while conceptually grounded, require validation through systematic engagement with existing empirical evidence.

This chapter therefore undertakes a comprehensive and critical synthesis of published scholarship on IR during the period of 2015 to 2024. Using a Preferred Reporting Items for Systematic reviews and Meta-Analyses (PRISMA) based approach, it reviews forty peer-reviewed empirical studies to assess how IR has been theorised, implemented, and evaluated across SSA. The review positions IR as both a disclosure practice and a strategic mechanism that integrates financial and non-financial information to demonstrate how organisations create and sustain value over time.

The International IR Framework (2013, 2021) still serves as a key reference, but the manner in which organisations apply it has moved well beyond its original scope. In practice, IR now blends closely with wider sustainability and Environmental Social Governance (ESG) agendas, often aligning with the United Nations (UN) Sustainable Development Goals (SDGs). Even so, progress across SSA has been uneven. South Africa stands out for its regulatory maturity through the King Codes and the Johannesburg Stock Exchanges (JSE's) disclosure rules, while many neighbouring countries continue to struggle with weak assurance systems, uneven regulation and limited stakeholder engagement (Atkins and Maroun 2015; Denhere 2024). These regional contrasts highlight that adoption remains patchy rather than universal.

Accordingly, this chapter addresses four guiding research questions (RQ), each linked to a testable hypothesis (H) that anchors the later empirical investigation:

> RQ1: What are the strategic outcomes of IR in terms of transparency, stakeholder trust, reputation and valuation?
>
> H1: IR adoption and quality are positively associated with strategic outcomes.
>
> RQ2: What constraints limit the effectiveness of IR, particularly in SSA?
>
> H2: Structural and institutional barriers systematically undermine IR outcomes.
>
> RQ3: What factors drive the adoption and quality of IR?
>
> H3: Both internal capabilities and external institutional pressures positively influence IR adoption and quality.
>
> RQ4: What impacts do IR have on organisational performance?
>
> H4: IR adoption improves organisational outcomes through enhanced valuation, access to capital and legitimacy.

These questions shape the foundation of the review and guide the development of the empirical models discussed in the chapters to follow. By engaging directly with evidence from SSA and comparable emerging markets, this chapter explores both the progress and the limitations of IR. It identifies where IR has achieved meaningful results and where it remains a largely symbolic exercise. The discussion also draws attention to ongoing methodological, theoretical and contextual gaps that still hinder cumulative understanding.

The remainder of the chapter unfolds as follows. Section 3.2 explains the systematic review process, covering the search strategy, screening stages and data extraction steps. Section 3.3 presents the findings across four themes: strategic outcomes, constraints, drivers and organisational impacts. The closing section then situates these findings within the broader research landscape and outlines the pathway leading to the empirical chapters that follow.

3.2 Methodological Approach

The systematic review presented in this chapter applies a PRISMA-based approach to ensure transparency, replicability and methodological rigour. The methodology follows a structured protocol designed specifically for this study and is expanded here to reflect the broader objectives of the research and its contextual focus on SSA.

3.2.1 Search Strategy and Development

To capture the full scope of IR research in SSA, a comprehensive search was undertaken on Scopus on the 17 January 2025. Scopus was selected as the sole database because of its wide disciplinary coverage and consistent indexing of business, accounting and sustainability journals. Preliminary tests in alternative databases produced duplicate records and incomplete metadata, confirming Scopus as the most suitable and reliable source for this review.

The search was restricted to peer-reviewed journal articles published between 2015 and 2024. This period captures developments following the release and the update of the International IR Framework (2013, 2021) and the introduction of King IV (Institute of Directors in South Africa 2016), both of which significantly influenced corporate disclosure practices in the region. It also represents the decade in which IR gained substantive traction within SSA's reporting landscape.

The search string combined terms related to integrated, sustainability and ESG reporting with keywords describing determinants, barriers, and impacts. Boolean operators (AND, OR) and truncation (for example, report/reporting) were applied to include lexical variations, while quotation marks ensured phrase precision.

The final operational query applied in Scopus was as follows:

TITLE-ABS-KEY("integrated report" OR "integrated reporting" OR "ESG accounting" OR "ESG report*" OR "ESG account" OR "sustainability report*" OR "sustainability reporting" AND "determinants" OR "drivers" OR "factors") AND PUBYEAR > 2014 AND PUBYEAR < 2025 AND (LIMIT-TO (AFFILCOUNTRY,"South Africa") OR LIMIT-TO (AFFILCOUNTRY,"Cote d'Ivoire") OR LIMIT-TO (AFFILCOUNTRY,"Malawi") OR LIMIT-TO (AFFILCOUNTRY,"Mozambique") OR LIMIT-TO (AFFILCOUNTRY,"Ghana") OR LIMIT-TO (AFFILCOUNTRY,"Nigeria") OR LIMIT-TO (AFFILCOUNTRY,"Kenya") OR LIMIT-TO (AFFILCOUNTRY,"Uganda") OR LIMIT-TO (AFFILCOUNTRY,"Burkina Faso") OR LIMIT-TO (AFFILCOUNTRY,"Zimbabwe") OR LIMIT-TO (AFFILCOUNTRY,"Togo") OR LIMIT-TO (AFFILCOUNTRY,"Tanzania") OR LIMIT-TO (AFFILCOUNTRY,"Congo") OR LIMIT-TO (AFFILCOUNTRY,"Zambia")) AND (LIMIT-TO (DOCTYPE,"ar")) AND (LIMIT-TO (SUBJAREA,"BUSI") OR LIMIT-TO (SUBJAREA,"ECON")) AND (LIMIT-TO (LANGUAGE,"English"))*

Sequential filtering produced 1,705 initial records, which were reduced to 1,244 after applying the publication-year filter, 64 after limiting to SSA affiliations and 43 after applying subject-area and language criteria. Following the full-text screening, 40 empirical studies met all inclusion requirements and formed the final synthesis set.

3.2.2 Inclusion and Exclusion Criteria

The selection criteria were applied to ensure that only relevant and credible studies were retained. Screening occurred in three stages:

a) title and abstract review,
b) full-text assessment and
c) final eligibility check, using the following parameters:

Inclusion criteria

- Timeframe: 2015 to 2024.
- Publication type: peer-reviewed journal articles only.
- Topical relevance: explicit engagement with integrated, sustainability, or ESG reporting. ESG studies were included only where they explicitly linked financial and non-financial integration.
- Context: Empirical research conducted in SSA or providing findings relevant to SSA contexts.
- Language: English.

Exclusion criteria

- Non-English publications.
- Inaccessible full texts (three Inder science articles excluded).

Applying these filters yielded a balanced dataset of 40 empirical studies that met both methodological and contextual standards for inclusion in the synthesis.

3.2.3 Screening and Selection Process

All retrieved records were processed through the four phase PRISMA protocol; identification, screening, eligibility and inclusion. The results were as follows:

Identification: 1,705 records retrieved (unfiltered).

Screening: 1,244 retained after the 2015 - 2024 date filter.

Eligibility: 64 retained after limiting to SSA affiliations.

Inclusion: 43 retained for full-text review; three excluded for inaccessibility; 40 final studies included.

The final dataset therefore represents the most comprehensive and methodologically credible body of IR related research currently available for the SSA region.

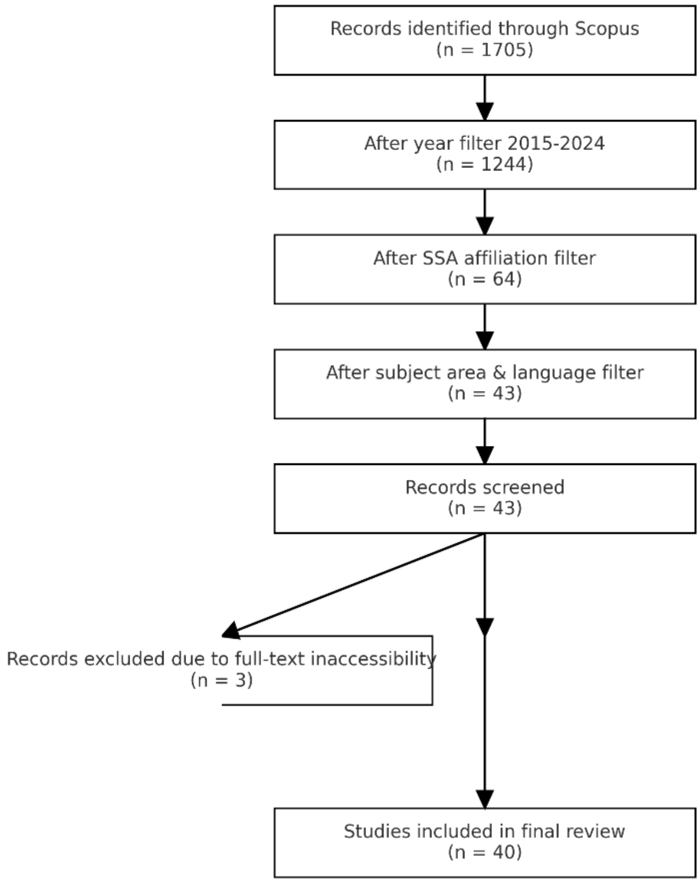

Figure 3-1: PRISMA Diagram of Article Selection on Integrated Reporting in Sub-Saharan Africa

Source: Author's contribution

3.2.4 Data Extraction and Analytical Logic

A structured data-extraction framework was developed to maintain consistency across studies. For each article, information was recorded on authorship, year of publication, country or region, research aims, theoretical lens, constructs, methodology and key findings. The data was coded and grouped under the four guiding research questions, as mentioned earlier; strategic outcomes, constraints, drivers and organisational impacts, to facilitate both thematic synthesis and quantitative comparison.

The analysis combined two complementary strands:

a. Qualitative thematic synthesis, adapted from prior accounting review studies (Vitolla, Raimo and Rubino 2019; Alhossini, Ntim and Zalata 2021; Soriya and Rastogi 2022; Arkoh, Costantini and Scarpa 2024), to identify conceptual, theoretical and contextual patterns within the literature.
b. Quantitative meta-analysis was applied wherever comparable statistical data were available, to estimate pooled IR effects using random effects models that account for inter study heterogeneity. All statistical procedures were executed in Stata (StataCorp 2023) and forest and funnel plots are reported in the next section.

This hybrid approach ensures interpretive depth while maintaining analytical rigour. It enables the review to balance conceptual insight with empirical precision, offering a nuanced picture of IR research across SSA.

3.3 Empirical Evidence on Integrated Reporting in Sub-Saharan Africa

The systematic mapping described in the previous section yielded 40 peer-reviewed empirical studies on IR conducted between 2015 and 2024. Collectively, these papers represent the most complete body of evidence on how IR has been theorised, practised and evaluated within SSA. The analysis that follows moves from method to meaning, examining what the evidence reveals about:

a) strategic outcomes,
b) constraints,
c) drivers of adoption and quality and
d) organisational impacts.

These four dimensions correspond to the guiding research questions (RQ1 - RQ4) and together construct the empirical foundation for the study's moderation tests on culture and audit quality.

3.3.1 Strategic Outcomes of IR

IR has been promoted globally as a means of strengthening accountability, aligning sustainability with corporate strategy and reinforcing legitimacy with stakeholders. Within this study's conceptual model, these benefits correspond to the expected payoffs of high-quality IR: reduced information asymmetry, clearer long-term orientation and stronger stakeholder confidence. RQ1 therefore asks whether IR adoption and quality are positively associated with outcomes such as transparency, trust, reputation and valuation.

To interpret this broad evidence coherently, prior studies were grouped into four themes:

a) transparency and stakeholder trust,

b) strategic alignment and value creation,

c) reputation and market perceptions and

d) governance and assurance, summarised in Table 3.1 below.

Table 3-1: Strategic Outcomes of Integrated Reporting

Theme	Authors and Context	Methods and Theory	Key Findings
1.Transparency and Stakeholder Trust	Le Roux and Pretorius (2019); Explore IR's role in embedding sustainability; South Africa.	Case study; Sensemaking and Institutional theories.	IR fosters long-term orientation and cultural change.

	Latiff and Marimuthu (2021); Assess water disclosure (mining vs non-mining); South Africa.	Content analysis; Legitimacy and Stakeholder theories.	Non-mining firms disclose more (93% vs 65%).
	Naynar, Ram and Maroun (2018); Assess perception gaps in IR; South Africa.	Mixed methods; Agency and Stakeholder theories.	'Expectation - performance gap' between preparers and stakeholders.
2.Strategic Alignment and Value Creation	Haladu and Bin-Nashwan (2024); Test IR impact on shareholders' funds with leverage; Nigeria.	Regression; Capital Need and Modernisation theory.	Economic disclosure consistent; social and environmental disclosures fluctuate with crises.
	Appiagyei and Donkor (2024); IR quality and sustainability performance, moderated by environmental sensitivity; South Africa.	Ordinary least squares (OLS) regression, fixed-effects (FE) models, random-effects (RE) models; Stakeholder and Legitimacy theories.	IR quality linked to better Environmental, Social and Governance scores; weaker in mining and oil industries.

	Gutmayer, Cerbone and Maroun (2022); Business model disclosures; South Africa.	Content analysis and non-parametric tests; Agency, Stakeholder and Legitimacy theories.	Strong environmental firms disclose more business details.
3.Reputation and Market Perceptions	Mphelo and Ngwakwe (2015); IR-linked social investment and market trust; South African banks.	Panel regression; Stakeholder theory.	A positive and significant relationship between Corporate Social Investment (CSI) and market share.
	Kobo and Ngwakwe (2017); Equity providers' perceptions of IR; South Africa.	Panel regression; Stakeholder theory.	Stakeholders view IR firms more positively.
	Nsibande and Sebastian (2023); ESG in Fama-French Five-factor model; South Africa.	Regression; Asset pricing theory.	ESG marginally improves R^2, but not significant.
4.Governance and Assurance	Maroun (2019b, 2020); Legitimacy role of IR and assurance; South Africa.	Case/archival; legitimacy theory.	Assurance improves IR credibility.

	Cerbone and Maroun (2020); IR assurance and stakeholder confidence; South Africa.	Content analysis; Agency theory.	Externally assured IR strengthens trust.
	Injeni, Mangena, Mathuva and Mudida (2022); Board and audit influences on IR disclosure; Kenya.	Panel regression; Agency and Institutional theories.	Board diversity and independence positively influence IR disclosures.

Source: Own contribution

Across the first theme, evidence from Le Roux and Pretorius (2019) and Latiff and Marimuthu (2021) indicates that IR can foster long-term thinking and sector-specific transparency, though disclosure depth which also varies significantly. The second theme, strategic alignment and value creation, reveals mixed stability: Haladu and Bin-Nashwan (2024) find that social and environmental disclosures fluctuate under catastrophic conditions, while Appiagyei and Donkor (2024) and Gutmayer, Cerbone and Maroun (2022) show that ESG quality and business-model clarity improve mainly where analyst scrutiny is high. The third theme, reputation and market perception, links IR to trust gains among investors (Mphelo and Ngwakwe 2015; Kobo and Ngwakwe 2017) but not necessarily to higher returns (Nsibande and Sebastian 2023). Finally, governance and assurance studies reassure that board diversity enhance perceived reliability, though implementation is uneven outside South Africa (Maroun 2019b; Cerbone and Maroun 2020; Maroun 2020; Injeni *et al.* 2022).

A random-effects meta-analysis ($\theta = 0.283$, $p < 0.01$; $I^2 = 96$ %) confirms a generally positive relationship between IR quality and strategic outcomes but reveals substantial heterogeneity, as shown in Figure 3.2 below:

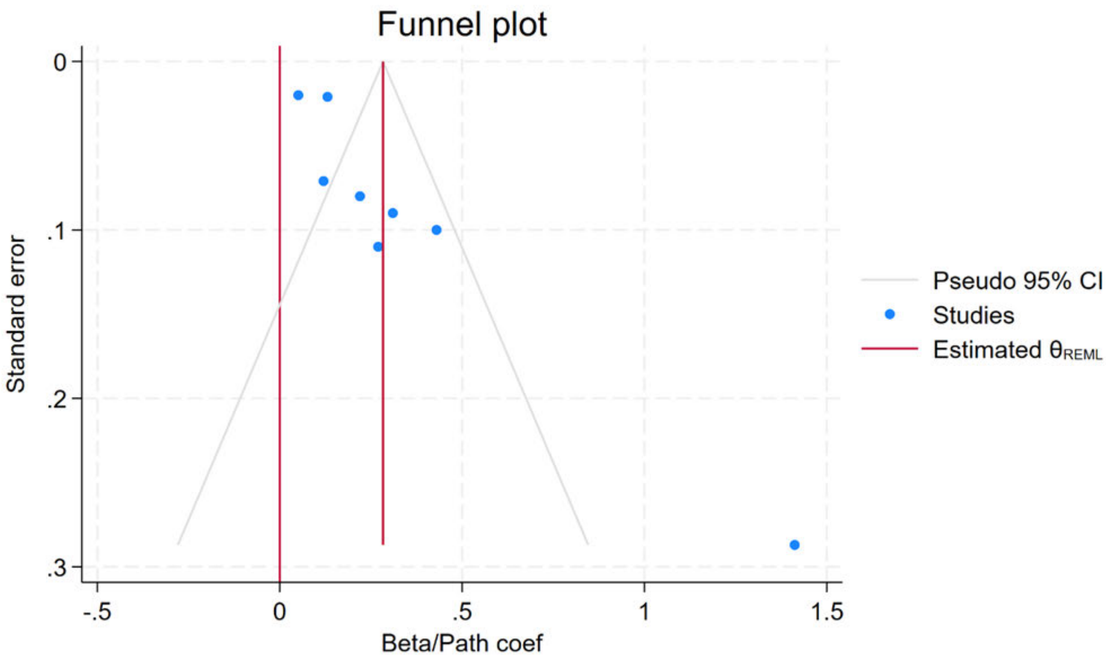

Figure 3-2: Funnel Plot of Strategic Outcomes of Integrated Reporting

Source: Own contribution

IR's benefits are real but conditional. Where institutional frameworks and assurance capacity are robust, IR tends to deliver transparency and reputational gains; in weaker governance contexts or extractive sectors, effects are fragile and often symbolic. The meta-result aligns with this pattern: the positive pooled effect supports H1 in direction, higher IR quality is associated with stronger strategic outcomes, yet the very high heterogeneity shows these gains are uneven, strengthening in regulated, well-assured settings and weakening where institutions are fragile. For this study, the takeaway is clear: IR quality operates both as an internal capability and as a market signal, but its effectiveness in SSA likely hinges on internal moderators. Accordingly, the study tests whether organisational culture and audit quality, introduced in Chapter Two, can stabilise and amplify the impact of IR quality in SSA capital markets.

3.3.2 Constraints on IR Practice

Whilst IR is widely promoted as a mechanism for enhancing accountability and sustainable value creation, evidence from SSA reveals that its potential is frequently curtailed by persistent institutional and organisational barriers. RQ2 explores whether such structural and contextual constraints systematically undermine IR outcomes. Four recurring challenges dominate the literature; symbolic adoption and impression management, weak regulatory and assurance environments, inconsistent standards and comparability gaps, and structural capacity shortfalls. These are summarised in Table 3.2 below.

Table 3-2: Constraints on Integrated Reporting Outcomes in Sub-Saharan Africa

Theme	Authors and Context	Methods and Theory	Key Findings
1. Symbolic Adoption and Impression Management	Malola and Maroun (2019); Doorasamy and Baldavaloo (2016); Johannesburg Stock Exchange (JSE) listed firms; South African corporates.	Content analysis; Legitimacy theory; Triple bottom line framework.	IR often serves branding or image maintenance rather than strategic transformation; short-term profit focus undermines integrated thinking.
2.Weak Regulatory and Assurance Environments	Maroun (2019b); Naynar, Ram and Maroun (2018); Assess perception gaps in IR; South Africa.	Case/archival; Mixed methods; Stakeholder and Legitimacy theories.	Limited or inconsistent assurance practices reduce stakeholder confidence; weak audit enforcement allows aspirational reporting to go unchallenged.
3.Standardisation and Comparability Gaps	Denhere (2024); Naynar, Ram and Maroun (2018); Assess perception gaps in IR; South Africa.	Content analysis; Mixed methods; Regression; Agency and Legitimacy theories.	Inconsistent interpretations of IR principles hinder benchmarking; adoption is discretionary and uneven across Southern Africa, undermining reliability.

4.Capacity and User - Preparer disconnects	Haladu and Bin-Nashwan (2024); Esterhuyse and Wingard (2016); Nigeria; JSE-listed corporates.	Surveys; Panel regressions; Stakeholder, Agency, Capital Need and Modernisation theories.	Firms lack technical and financial capacity for IR; expectation gaps arise where preparers emphasise compliance over clarity, leaving users dissatisfied.

Source: Own contribution

Symbolic adoption remains the most persistent obstacle in the African IR landscape. Studies, such as Malola and Maroun (2019) and Doorasamy and Baldavaloo (2016), reveal that many firms approach IR as a legitimacy exercise rather than a tool for integrated thinking. Reports are often designed to satisfy external expectations or enhance reputation, reflecting a deeper cultural tendency towards procedural compliance, where meeting disclosure requirements is mistaken for genuine accountability. This behaviour is reinforced by weak assurance mechanisms and inconsistent regulatory oversight: as Maroun (2019b) and Naynar, Ram and Maroun (2018) observe, limited enforcement and the absence of penalties for poor-quality disclosure allow symbolic compliance to persist. At the same time, capacity constraints amplify these weaknesses. Denhere (2024) and Esterhuyse and Wingard (2016) note that in many SSA countries, firms lack the technical expertise and financial resources to produce integrated disclosures that align with global standards, resulting in a widening disconnect between report preparers and users. The result is a cycle where IR is implemented for legitimacy rather than substance, well-presented but often detached from the organisation's strategic and financial reality.

The pooled meta-estimate ($\theta = 0.046$, $p = 0.76$; $I^2 = 87\%$) in Figure 3.3 captures this fragmentation, revealing no single dominant trend but substantial variation across contexts. Rather than uniformly constraining IR outcomes, these barriers fluctuate with governance strength, institutional maturity, and firm-level capacity. In South Africa, mandatory IR frameworks and stronger assurance infrastructure mitigate some limitations; elsewhere in SSA, the same weaknesses, thin enforcement, limited professional training, and resource scarcity, make symbolic reporting the norm rather than the exception.

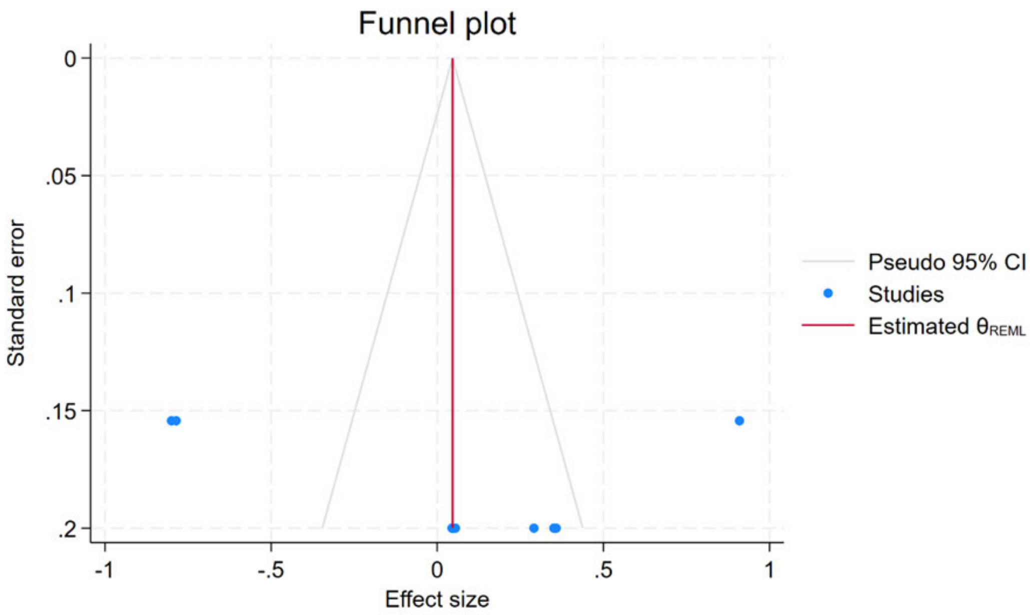

Figure 3-3: Funnel Plot of Constraints of Integrated Reporting Outcomes

Source: Own contribution

The null pooled effect indicates that H2 challenged as a universal claim: constraints do not uniformly depress outcomes across studies. Rather, their influence is contingent on institutional maturity and firm capability, precisely the conditions under which internal mechanisms such as culture and audit quality can offset weak external enforcement in SSA. Critically, these findings reveal that the obstacles to IR are not purely structural but behavioural, embedded in organisational culture and institutional norms. They strengthen this study's core argument that, in environments with fragile regulation and limited oversight, internal levers, particularly cultural cohesion and audit quality, become decisive in determining whether IR evolves into credible, decision-useful disclosure or remains a symbolic exercise. This insight provides the conceptual bridge to the next section, which examines the drivers of IR adoption and quality, focusing on how internal and external forces interact to shape substantive versus symbolic reporting practice across SSA.

3.3.3 Drivers of IR Adoption and Quality

With benefits and constraints established, attention turns to what drives IR adoption and the quality of disclosure. RQ3 investigates how internal resources and external pressures interact to shape reporting behaviour. The evidence is summarised in Table 3.3.

Table 3-3: Drivers of Integrated Reporting Adoption and Quality

Driver Type	Authors and Context	Methods and Theory	Key Findings
1.Internal Drivers	Bodenstein Fouché and Polo-Garrido (2024); Global.	Logistic regression; Stakeholder and institutional theories.	Larger, profitable firms have the resources to embed IR.
	Al Farooque and Ahulu (2017); Multinationals; United Kingdom; Australia; South Africa.	Multiple regression; Agency and legitimacy theories.	Board diversity enhances responsiveness to stakeholders.
	Denhere (2024); Mining; JSE firms.	Regression; Agency theory.	Audit committee effectiveness strengthens disclosure breadth.
	Pooe, Barac, Plant and Steyn (2022); South Africa.	Content analysis; Signalling theory.	Internal audit effectiveness signals credibility, supporting IR.

	Nwobu and Ngwakwe (2020); Africa.	Multiple regression analysis; Institutional theory.	Managerial awareness and leadership commitment are decisive where external enforcement is weak.
2.External Drivers	Wachira, Berndt and Romero (2020); South Africa.	Content Analysis; Institutional theory.	King IV code in South Africa drives adoption; other SSA contexts remain fragmented and voluntary.
	Malola and Maroun (2019); South Africa.	Content analysis; IR Quality Index; Institutional theory.	External assurance and complementary sustainability reports are associated with higher IR quality.
	Cerbone and Maroun (2020); IR assurance and stakeholder confidence; South Africa.	Content analysis; Agency theory.	Assurance reinforces credibility, but substance depends on internal buy-in.
	Haladu and Bin-Nashwan (2024); Test IR impact on shareholders' funds with leverage; Nigeria.	Regression; Capital Need and Modernisation theory.	Adoption often legitimacy-driven in high power distance, weak-enforcement contexts.

	Maama (2021); Banks; West Africa.	Comparative analysis; Institutional theory.	Regional disparities in ESG frameworks complicate standardisation.

Source: Own contribution

From an internal perspective, the Resource-Based View (RBV) explains why scale, profitability, and governance competence matter: larger, well-resourced firms possess the financial and human capital to integrate sustainability into strategy (Wernerfelt 1984; Raimo *et al.* 2021b). Studies, such as Bodenstein Fouché and Polo-Garrido (2024) and Al Farooque and Ahulu (2017), confirm that board diversity and leadership commitment enhance responsiveness to stakeholder expectations. Likewise, Denhere (2024) and Pooe *et al.* (2022) find that active audit committees and strong internal audit functions elevate disclosure quality, signalling diligence and transparency. Yet these levers depend on managerial intent: without executive buy-in, even sophisticated structures risk becoming procedural rather than transformative (Nwobu and Ngwakwe 2020).

Externally, Institutional theory clarifies why regulation and professional intermediaries are decisive (DiMaggio and Powell 1983; Maroun 2018). Wachira, Berndt and Romero (2020) show that King IV's enforcement in South Africa produced systematic IR adoption, while in other SSA contexts voluntary uptake remains inconsistent. Malola and Maroun (2019) and Cerbone and Maroun (2020) demonstrate that Big Four audit involvement and external assurance raise disclosure quality, but only when matched by internal strategic commitment. Cultural distance further mediates this relationship: Haladu and Bin-Nashwan (2024) and Maama (2021) report that in high power-distance settings, IR is often legitimacy-driven rather than learning-driven, reducing authenticity.

The random-effects meta-result ($\theta = 0.082$, $p < 0.05$; $I^2 = 99$ %) in Figure 3.4 confirms a small but significant pooled effect. However, extreme heterogeneity again reveals that drivers act contingently. Where regulation is clear and governance robust, adoption quality rises; where both are weak, the same forces tilt toward symbolic compliance.

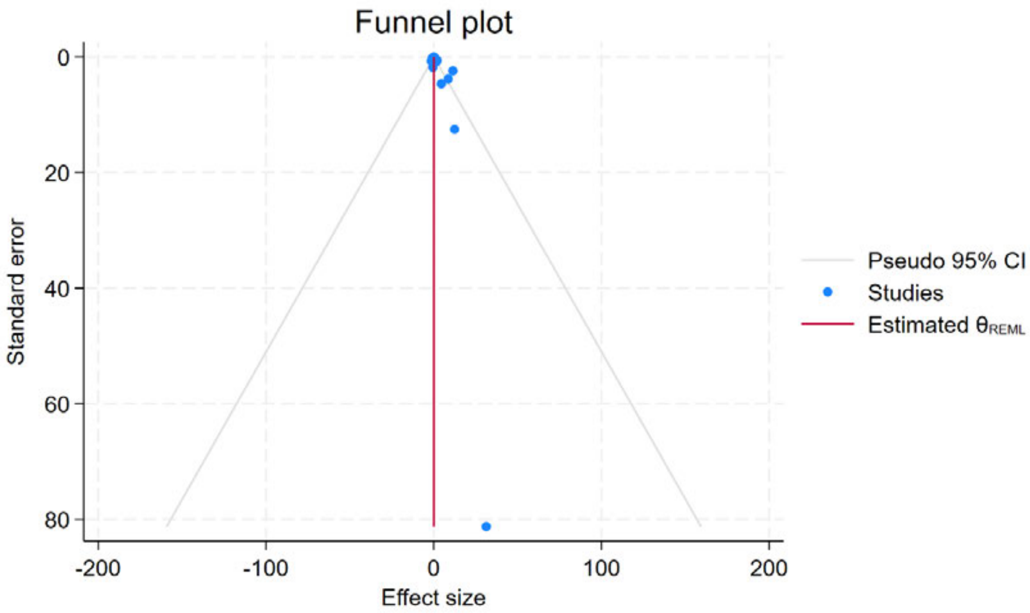

Figure 3-4: Funnel Plot of Drivers of Integrated Reporting Adoption and Quality Source: Own contribution

The pooled results provide directional support for H3, indicating that both internal capabilities and external institutional pressures contribute to higher IR adoption and quality. However, the pronounced heterogeneity across studies shows that these effects are far from uniform. They are consistently stronger in well-regulated environments such as South Africa, where governance systems and professional oversight reinforce compliance, but weaker, or even reversed, in settings where legitimacy motives overshadow genuine transparency. This variation underscores the rationale for the study's moderation framework, which positions organisational culture and audit quality as conditioning variables that influence how these drivers operate. By testing these interactions through a multi-year panel design, the study extends existing literature by showing how internal mechanisms can stabilise reporting quality and quality in the context of weak institutional enforcement across SSA.

3.3.4 Impacts of IR on Organisational Performance

The final RQ moves beyond disclosure quality to examine whether IR translates into measurable organisational outcomes. RQ4 investigates whether IR adoption enhances firm valuation, access to finance, or broader legitimacy. The evidence, summarised in Table 3.4, presents a mixed picture by both institutional and firm-level dynamics.

Table 3-4: Impacts of Integrated Reporting on Organisational Performance

Theme	Authors and Context	Methods and Theory	Key Findings
1. Financial and Reputational Outcomes	Kobo and Ngwakwe (2017); South Africa.	Panel regression; Stakeholder theory.	IR improves investor perception, easing access to capital, lowering financing costs. Highlights IR as a legitimacy tool
	Mphelo and Ngwakwe (2015); Banks; South Africa.	Panel regression; Stakeholder theory.	IR-related disclosures linked to higher market valuation, stronger shareholder equity. Effect observed even with partial IR adoption.
	Cerbone and Maroun (2020); South Africa.	Content analysis; Agency theory.	Externally assured IR improves credibility, boosts market trust. But benefits hinge on assurance
2.Symbolic or Limited Impacts	Denhere (2024); South Africa.	Regression; Agency theory.	IR adopted symbolically, signalling rather than transforming strategy. Weakens performance link.

	Gutmayer, Cerbone and Maroun (2022); Business model disclosures; South Africa.	Content analysis and non-parametric tests; Agency, Stakeholder and Legitimacy theories.	IR marginally improves investor relations but little on innovation and efficiency. IR value overstated.
	Appiagyei, Djajadikerta and Mat Roni (2023); South Africa.	Content analysis; Resource dependence theory.	Cautious evidence: IR effects inconsistent across SSA. Institutional weakness limits outcomes.
3.Contextual Moderators	Hsiao, de Villiers and Scott (2022); Global.	Cross-country analysis; Legitimacy and Institutional theories.	IR impact on valuation depends on disclosure quality and user interpretability. Stakeholder awareness critical.
	Haladu and Bin-Nashwan (2024); Nigeria.	Regression; Capital Need and Modernisation theory.	External assurance stronger predictor of market reaction than IR alone. Assurance credibility essential.
	Alessa, Akparep, Sulemana and Agyemang (2024); Ghana.	Empirical survey; Stakeholder and Institutional theories.	IR adoption linked to legitimacy, not necessarily operational gains. Performance gains conditional.
	Mshana (2024); Global.	Regression; Institutional theory.	Mixed outcomes across SSA; IR success hinges on institutional strength. Variability across contexts.

Source: Own contribution

Cross-country analyses reinforce this variation. Hsiao, de Villiers and Scott (2022), Alessa *et al.* (2024) and Mshana (2024) emphasise that IR's effectiveness depends on three contextual enablers: credible assurance, stakeholder interpretive capacity, and institutional maturity. Where external verification is reliable and users can evaluate non-financial information, IR enhances transparency and investor confidence. Without these foundations, however, even high-quality disclosures gain limited traction. These findings confirm that IR's organisational impacts are not universal but mediated by the strength of governance systems within which firms operate.

The pooled meta-estimate (θ = 0.566; 95 % CI [-0.015, 1.146]; I^2 = 100 %), visualised in Figure 3.5, captures this heterogeneity. While the association between IR and performance is directionally positive, its magnitude varies widely. The diversity of results signals that internal and institutional moderators, particularly organisational culture, audit rigour, and enforcement quality, determine whether IR's informational value translates into tangible financial gains.

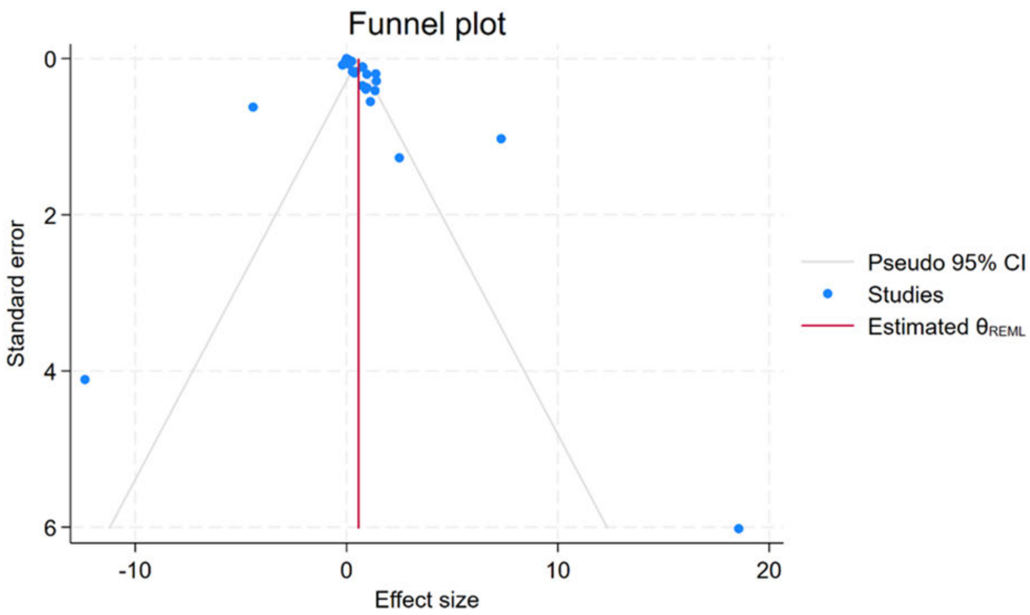

Figure 3-5: Funnel Plot of Integrated Reporting Impacts on Organisational Performance

Source: Own contribution

These results link directly to H4, which posits that IR adoption enhances organisational outcomes through improved valuation, access to capital, and legitimacy. The evidence offers partial support for this hypothesis: IR can strengthen performance where disclosure quality, assurance credibility, and institutional enforcement are robust. However, the high heterogeneity and prevalence of symbolic adoption across SSA reveal that these effects are uneven and heavily context dependent, highlighting the importance of internal governance mechanisms in determining whether IR delivers substantive or merely reputational value.

This variability mirrors the financing realities of SSA. Equity markets tend to reward IR quality when it clarifies value creation and risk management, thereby improving valuation confidence, while debt markets respond when IR disclosures signal reduced credit risk and stronger financial discipline. Hence, the study differentiates between equity and leverage channels to capture these divergent pathways. Firms characterised by cohesive cultures and strong audit oversight are better positioned to translate IR quality into credible market signals, whereas those lacking such internal mechanisms experience weaker transmission to financing outcomes.

3.3.5 Summary and the Link to the Empirical Framework

Across the four domains reviewed, strategic outcomes, constraints, drivers, and impacts, a coherent pattern emerges. The literature demonstrates that the effectiveness of IR depends less on external regulation alone and more on the internal systems that sustain its authenticity. In SSA, where enforcement, assurance, and professional capacity remain uneven, organisational culture and audit quality emerge as decisive stabilisers. Culture embeds shared values and learning routines that underpin transparent, consistent reporting, while audit quality provides the independent validation that transforms those disclosures into credible signals for investors and lenders. Together, these internal mechanisms compensate for institutional weaknesses, determining whether IR functions as a substantive communication tool or merely a symbolic exercise.

These insights form the conceptual bridge to the empirical analysis that follows. The subsequent chapters tests, through multi-year panel modelling, whether firms characterised by stronger cultural cohesion and higher audit quality experience measurable advantages in both equity valuation and debt leverage. In doing so, the study extends prior research by examining how internal mechanisms mediate the translation of IR quality into financing outcomes, a dimension largely overlooked within existing SSA scholarship.

Accordingly, Section 3.4 consolidates the theoretical and methodological gaps identified throughout this review into a structured empirical roadmap. It specifies the models, variables, and estimation techniques through which these propositions are operationalised, guiding the transition from conceptual synthesis to empirical testing within the SSA context.

3.4 Summary and the Roadmap for the Empirical Chapters

Taken together, the review paints a picture of promise tempered by fragility. IR demonstrates potential to enhance transparency, accountability, and long-term value creation, yet these benefits remain highly contingent on organisational integrity and assurance credibility, attributes often weakly represented by generic proxies. While organisational culture and audit quality frequently appear in the literature as conceptual antecedents, they are rarely measured with precision or modelled dynamically. The meta-analysis confirms that, across SSA, IR outcomes are shaped by both internal and contextual conditions: robust institutional frameworks and credible assurance practices amplify strategic benefits, whereas fragile governance systems and symbolic compliance dilute them.

This study responds directly to these deficiencies by focusing on the underexplored micro-foundations of IR quality, culture and audit quality, and by analysing how these internal mechanisms influence firms' financing outcomes. Four specific research gaps, summarised in Table 3.5, guide the empirical design that follows.

This study addresses four specific gaps tabled below:

Table 3-5: The Empirical Roadmap

Gap	Considered Contribution
Micro-culture measurement	Panel-based testing of board tenure and employee turnover as proxies for organisational stability.
Audit-culture integration	Joint modelling of audit-committee meetings, auditor tenure, and audit fees to assess how audit oversight complements in driving IR quality.
Moderation logic	Testing relationship effects of organisational culture and audit quality on the link between IR quality and financing outcomes.
Equity and Debt focus	Separate modelling of share-price and leverage outcomes to capture SSA's hybrid financing structures.

Source: Own contribution

The empirical pathway follows a coherent sequence, with each chapter addressing a gap identified in this review:

a. Chapter Four - outlines the research philosophy, data design, and econometric strategy.
b. Chapter Five - examines IR quality as an outcome of organisational culture and audit quality.
c. Chapter Six - investigates the equity-market impacts of IR and testing moderation effects.
d. Chapter Seven - analyses debt-leverage responses and testing moderation effects.
e. Chapter Eight - integrates these findings into a Framework for SSA, consolidating theoretical, empirical, and policy insights.

By aligning each empirical chapter with an evidence-based gap, the study ensures conceptual coherence and methodological precision. It advances the IR discourse by positioning internal levers, expressed through culture and audit quality, as pivotal in converting disclosure quality into measurable market advantages within the SSA context.

The next chapter, Chapter Four: General Research Design and Methodology, takes this roadmap forward. It explains the research philosophy, model specification, data construction, and estimation techniques used to test the hypotheses developed through the systematic review and theoretical synthesis.

CHAPTER FOUR
GENERAL RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

The preceding chapters collectively shaped the foundation of this study. Chapter One introduced the research problem and objectives, Chapter Two established the conceptual and theoretical framework connecting organisational culture, audit quality, and Integrated Reporting (IR) quality within the Sub-Saharan African (SSA) context, and Chapter Three systematically reviewed the empirical evidence, identifying key contextual gaps in prior studies. Collectively, these chapters underscore the need for a multidimensional, empirically grounded approach to examine how internal mechanisms, specifically organisational culture and audit quality, influence IR quality and, in turn, how this relationship, moderated by these internal factors, affects firms' financing outcomes across SSA.

Building on these insights, this chapter presents the general research design and methodology underpinning the entire empirical component of the study. It provides a unified description of the research philosophy, design rationale, data structure, sampling approach, variable construction, estimation strategy, and validity checks that ensure the robustness of subsequent analyses. The detailed methods specific to each research objective are further elaborated in Chapters Five, Six, and Seven, each of which applies the general approach outlined here to its respective empirical model.

In summary, the study proceeds from the four key objectives that steers the study:

1. To identify which cultural and audit attributes enhance the quality of IR;
2. To examine whether IR quality influences firms' equity valuation;
3. To assess whether IR quality affects firms' debt-leverage decisions; and
4. To synthesise the findings into a practical framework for strengthening IR quality and financing outcomes within SSA.

The first three objectives are tested empirically in sequence across Chapters Five to Seven, whilst Chapter Eight, the fourth objective, integrates the results into a proposed framework. The current chapter serves as the methodological bridge between theory and analysis. It clarifies how the study's philosophical stance informs its quantitative design, explains the construction of a balanced panel dataset (comprising 67 listed firms observed over ten financial years, 2014 - 2023), and outlines the use of secondary data drawn from Bloomberg (2024). Collectively, these methodological choices ensure that each empirical finding can be traced back to a transparent, replicable chain of evidence.

The following section (4.2) begins by articulating the study's underlying research philosophy and paradigm, situating the methodological choices within the broader logic of inquiry that guides the analysis.

4.2 Research Philosophy and Approach

Researchers do not begin data collection from a neutral perspective; their assumptions about reality and knowledge inevitably shape how phenomena are studied and interpreted (Trigg 1985; Fischer 1986; Cameron, Frazer, Harvey, Rampton and Richardson 2018). Within accounting and finance scholarship, two broad philosophical orientations commonly guide a research investigation, positivism and interpretivism (Bell, Harley and Bryman 2022). Positivism assumes that organisational and financial realities exist independently of the observer and can be understood through systematic measurement and hypothesis testing, whereas interpretivism views these realities as socially constructed, context-dependent, and best understood through qualitative interpretation of meanings and processes (Sekaran and Bougie 2016; Bell, Harley and Bryman 2022).

Situated between these perspectives, the present study adopts an integrated philosophical foundation that reflects its quantitative orientation while accommodating the context-sensitive nature of IR in SSA. The research is critical realist in its ontology, post-positivist in its epistemology, and pragmatic in its methodology. Together, these layers provide a coherent worldview that balances theoretical rigour with applied relevance.

Ontologically, the study follows critical realism, recognising that firms, markets, and reporting practices exist as objective economic realities but acknowledging that they can only be observed imperfectly because measurement and interpretation are mediated by data limitations and human judgement (Phillips and Burbules 2000; Bhaskar 2013). Variables such as IR quality, audit quality, and organisational culture are therefore treated as partial yet credible representations of underlying organisational behaviour.

Epistemologically, the research aligns with post-positivism, which accepts that knowledge is provisional and advances through systematic testing, replication, and refinement rather than through absolute verification (Popper 2005; Morgan 2014; Kelly and Cordeiro 2020). This stance supports the use of large sample statistical analysis to examine probabilistic relationships among variables, consistent with established capital-market research that links disclosure, governance, and valuation outcomes (DeFond and Zhang 2014; Roychowdhury, Shroff and Verdi 2019).

Methodologically, the study is guided by pragmatism, which complements post-positivism by prioritising practical utility and problem-solving. Pragmatism emphasises methodological choices that best address the research objectives and yield results that are both analytically credible and useful to stakeholders (Morgan 2014). This orientation guides the study's fourth objective of developing a framework that can assist preparers, regulators, and professional bodies in SSA to enhance IR quality and related financing outcomes. Accordingly, the study relies on secondary quantitative data obtained from Bloomberg (2024) and employs balanced-panel regression techniques suited to the examination of longitudinal firm-level relationships.

In combination, these philosophical layers form a coherent foundation for the study. A critical-realist ontology acknowledges the existence of an external economic reality; a post-positivist epistemology legitimises empirical testing as a means of approximating that reality; and a pragmatic methodology ensures that findings remain relevant for both scholarly advancement and professional practice. This integrated stance provides a rigorous yet flexible platform for analysing how organisational culture and audit quality shape IR quality and financing outcomes across SSA.

The next section (4.3) translates these philosophical assumptions into practical terms by outlining the overall research design, sampling strategy, and analytical framework that guide the empirical chapters that follow.

4.3 Research Design

The philosophical foundation established in Section 4.2 is operationalised through a quantitative explanatory panel design (Saunders, Lewis and Thornhill 2009). This design allows the study to examine IR across multiple, interrelated dimensions, its internal determinants, its influence on equity value and debt leverage, and its implications for governance practice, using one consistent dataset. Each objective is analysed independently but remains connected through a shared data structure and methodological logic, ensuring internal coherence and a transparent chain of evidence.

The research employs panel-data analysis, combining cross-sectional and longitudinal observations to capture firm-specific dynamics. The same balanced dataset supports all empirical models, enabling comparability and robustness across objectives. The design aligns closely with the study's post-positivist and pragmatic orientation: it seeks to uncover empirically verifiable relationships that also have practical relevance for SSA regulators, preparers, and investors.

The empirical framework is summarised in Table 4.1, which links each research objective to its dependent variable and analytical approach.

Table 4-1: Sequential Explanatory Architecture

Empirical chapter	Core Objective	Dependent variable	Core method
Chapter Five (Objective One)	To examine how organisational-culture and audit-quality factors influence IR quality	Integrated Reporting	Inferential (panel regression) analysis
Chapter Six (Objective Two)	To assess whether IR quality affects firms' equity-market valuation.	Share Price	Moderated panel regression with interaction terms (IR * Culture; IR * Audit Quality)
Chapter Seven (Objective Three)	To evaluate how IR quality relates to firms' debt-leverage structure.	ln Leverage	Moderated panel regression with the same interaction logic applied to leverage models
Chapter Eight (Objective Four)	To integrate empirical findings into a practical IR Framework for SSA.	-	Design-science synthesis of the preceding empirical results

Source: Own contribution

This design ensures that each objective contributes a distinct but complementary insight: Chapter Five establishes disclosure determinants; Chapters Six and Seven test market consequences through equity and debt-related models; and Chapter Eight consolidates the evidence into a framework for policy and practice. The quantitative orientation remains consistent throughout, data are numerical, obtained from secondary sources, and analysed using econometric techniques. This maintains methodological clarity and avoids the ambiguity often associated with mixed-method approaches (Creswell and Creswell 2017).

The study population comprises all publicly listed firms within SSA that prepare IR in English and are covered by Bloomberg's (2024) Environmental, Social and Governance (ESG) dataset. Listed entities offer an appropriate setting because they are legally required to publish audited financial statements and operate under observable market conditions (Abor 2008; Kumar, Colombage and Rao 2017; Roychowdhury, Shroff and Verdi 2019).

Given the number of qualifying firms, a census approach was adopted rather than sampling. The inclusion criteria were:

a. Continuous listing on one of eleven anglophone SSA stock exchanges between 1 January 2014 and 31 December 2023;
b. Availability of IR reports in English; and
c. Complete Bloomberg coverage for IR scores, share-price data, balance-sheet variables, audit and culture related indicators.

Applying these criteria yielded 67 firms, producing 670 firm-year observations. The census design maximises external validity by including all eligible issuers, reducing the selection bias common in frontier-market studies (De Villiers, Hsiao and Maroun 2017, 2020). It also enhances internal validity by ensuring adequate variability to test moderation and interaction effects.

All variables, including IR, audit quality indicators, cultural proxies, and firm-level controls, are sourced directly from Bloomberg's (2024) standardised ESG database. The IR quality measure is expressed on a continuous 0 - 100 scale and requires no manual recoding, ensuring objectivity and comparability across firms and time. Using a reputable third-party dataset rather than self-constructed scores maintains the study's quantitative integrity and mitigates researcher bias (Bell, Harley and Bryman 2022).

Consistent with the post-positivist stance, managerial and governance behaviours are assumed to leave measurable traces in publicly available data, even though these traces may imperfectly represent complex organisational realities. While Bloomberg's algorithms embody subjective weighting choices, no additional qualitative strand, such as interviews or manual content analysis, was introduced. Consequently, the research constitutes a single-method quantitative study, not a mixed-methods design, as all analyses derive from numerical data subjected to statistical testing.

With the research design clarified, the next section (4.4) describes how each construct, organisational culture, audit quality, financial performance, and macroeconomic context, is operationalised and measured to support the empirical analyses presented in Chapters Five, Six, and Seven and the framework in Chapter Eight.

4.4 Variable Measurement

The strength of any empirical design depends on the rigour and transparency with which its variables are defined and measured (Saunders, Lewis and Thornhill 2009; Wooldridge 2021). This section therefore specifies how each construct used in the study is operationalised, the data source from which it is derived, and the theoretical logic linking it to the study's objectives. Together, these variables provide the empirical foundation for testing the relationships and moderation effects examined in Chapters Five, Six, and Seven.

Consistent with the study's multi-theoretical framework, drawing on Legitimacy, Institutional, Resource-Based View (RBV), and Stakeholder/Contingency theories, each construct is anchored to an externally observable, numerical proxy obtainable from Bloomberg (2024) terminal. Using standardised secondary data enhances reliability and ensures that the analyses can be replicated by other researchers with access to the same database. The detailed discussions of the variable behaviour, expected direction, and diagnostics appear in the subsequent empirical chapters which is devoted to the pragmatic testing of each. Table 4.2 details the full measurement palette, grouped by theoretical role.

Table 4-2: Operational Definitions and Data Sources

Variable (acronym)	Definition and Scaling	Theoretical anchor	Sources
Integrated-Reporting Score (IR)	Bloomberg ESG module: Environmental, Social and Governance pillars each scored 0 - 100 and then averaged to form a single Integrated-Reporting composite (0 - 100)	Legitimacy theory: IR quality signals accountability and transparency; RBV theory: reflects capability to integrate financial and non-financial information. (Dependent variable - Chapter Five)	De Villiers, Rinaldi and Unerman (2014); Atkins and Maroun (2015); Baboukardos and Rimmel (2016); International Integrated Reporting Council (2021).
Board Tenure	Mean years current executive and non-executive directors have served	RBV theory: represents accumulated strategic memory and organisational knowledge supporting disclosure coherence.	Vafeas (2003); Huang and Hilary (2018); Vitolla *et al.* (2019b); Saraswati, Azzahra and Sagitaputri (2020).
Employee Turnover	Voluntary exits ÷ average headcount (%, Bloomberg Labour dataset)	RBV theory: reflects workforce stability and cultural cohesion that sustain IR quality.	Lee and Mitchell (1994); Hancock, Allen, Bosco, McDaniel and Pierce (2013); Li, Lourie, Nekrasov and Shevlin (2022).
Audit-Committee Meetings	Number of AC meetings per financial year	Institutional and Legitimacy theories: indicate internal oversight and governance discipline.	Abbott, Parker and Peters (2004); Li, Mangena and Pike (2012); Mardessi (2022).
Audit Tenure	Continuous years with the same external auditor	Institutional theory: balance between knowledge continuity and auditor independence.	DeFond and Zhang (2014); Cameran, Francis, Marra and Pettinicchio (2015); Jadiyappa,

			Hickman, Kakani and Abidi (2021).
ln Audit Fees	Natural log of annual audit fee in US dollars	RBV and Legitimacy theories: resource commitment and assurance credibility enhancing stakeholder trust.	Simunic (1980); Quick and Schmidt (2018); Beardsley, Lassila and Omer (2019); Garcia-Blandon, Argiles and Ravenda (2020).
Share Price	Share price	Stakeholder/Contingency theories: investor valuation response to credible IR quality. (Dependent variable - Chapter Six)	Ohlson (1995); De Klerk, De Villiers and Van Staden (2015); Zhou, Simnett and Green (2017); Saputra (2022).
ln Leverage	Natural log of (Total Debt ÷ Total Assets)	Stakeholder/Contingency theories: reflects creditors' perception of risk and access to financing. (Dependent variable - Chapter Seven)	Kraus and Litzenberger (1973); Dang, Li and Yang (2018); Khémiri and Noubbigh (2018); Kalantonis, Kallandranis and Sotiropoulos (2021).
Controls	ROA, ln Total Assets, EPS, BVPS, Firm Age, ln Interest Expense and GDP.	Risk, scale and macro effects.	Frank and Goyal (2009); Fosu (2013); Kumar, Colombage and Rao (2017); Yuan, Li, Xu and Shang (2022).
Dummies	Industry and Country fixed effects.	Institutional theory: absorb sectoral and jurisdictional heterogeneity.	Porta, Lopez-de-Silanes, Shleifer and Vishny (1998); Hail and Leuz (2006); Soriya and Rastogi (2022).

Source: Own contribution

Each construct is grounded in capital-market studies as shown in Table 4.2; no bespoke indices are created, ensuring external comparability. All monetary variables, including audit fees and leverage components, are drawn directly from Bloomberg (2024) in US dollar terms. A common currency base mitigates exchange-rate distortion and enhances cross-country comparability within the panel.

To assess potential multicollinearity, correlation matrix are reported in each empirical chapter, confirms that inter-variable relationships remain within acceptable limits. None of the main regressors exceeds the conventional caution level of 0.75, which is considered problematic in econometric research once exceeded (Wooldridge 2021).

With the measurement framework now clearly defined and its data lineage transparent, the discussion turns to the analytical procedures used to test the study's hypotheses. Section 4.5 presents the econometric architecture linking these variables to the theoretical propositions developed earlier, ensuring that each statistical test can be traced back to a well-specified construct and data source.

4.5 Econometric Architecture

Having established clear operational definitions for all constructs, this section outlines the analytical framework that translates those variables into testable empirical relationships. The aim is to provide econometric modelling linking the study's theoretical propositions, developed in Chapters Two and Three, to the statistical models applied in Chapters Five, Six, and Seven.

The analysis adopts a panel-data regression framework, an approach well suited to multi-year, multi-firm datasets where both cross-sectional and variation are relevant (Hsiao 2014; Wooldridge 2021). Panel estimation allows the study to control for unobservable, firm-specific heterogeneity, attributes such as organisational practice or management style, that remain constant over time but could otherwise bias results. This structure is essential for examining how firm-level characteristics such as culture and audit quality influence IR quality and how these, in turn, affect and moderate financing outcomes in the SSA context.

The model is grounded in the study's multi-theoretical foundation. The RBV and Institutional theory provide the conceptual basis for modelling IR quality as a function of firm-specific capabilities and contextual conditions. Legitimacy theory explains why quality and well-assured reporting is expected to yield reputational and capital-market benefits, while Stakeholder and Contingency theories account for variation in how different audiences, investors and lenders, interpret the same disclosure signals. Together, these perspectives justify testing both the direct and conditional effects of internal mechanisms on IR outcomes across diverse institutional settings.

Accordingly, the general econometric specification, adapted from established disclosure-valuation frameworks (Ohlson 1995; De Klerk, De Villiers and Van Staden 2015; Vitolla, Raimo and Rubino 2020), is expressed as:

$$y_{it} = \alpha + \beta_1 IR_{it} + \beta_2 Signal_{it} + \theta' Controls_{it} + \mu_i + \lambda_t + \epsilon_{it} ,$$

Where:

a. y_{it} alternates between IR (Chapter Five), Share Price (Chapter Six) and ln Leverage (Chapter Seven);
b. IR_{it} is the Bloomberg composite Integrated Report score;
c. $Signal_{it}$ is one cultural or audit proxy (board tenure, employee turnover, audit-committee meetings, auditor tenure or ln audit fees);
d. $Controls_{it}$ is the vector listed in Table 4.2;
e. μ_i captures unobserved and time-invariant firm effects;
f. λ_t absorbs economy-wide cycles;
g. ϵ_{it} is the idiosyncratic disturbance term.

This structure enables the analysis of both direct and conditional effects, assessing whether organisational culture and audit quality strengthen or weaken the link between IR quality and firms' market performance. All first-order terms are mean-centred prior to interaction to preserve interpretability and mitigate potential multicollinearity, a standard practice in moderation analysis (Aiken 1991; Shrestha 2020).

The Fixed Effects (FE) estimator forms the principal analytical tool, as it effectively removes unobserved heterogeneity that could bias coefficient estimates. This aligns with the study's post-positivist stance, which assumes that observable regularities can reveal underlying relationships once contextual noise is controlled (Hsiao, de Villiers and Scott 2022). The Hausman test is employed to determine whether the more efficient Random-Effects (RE) estimator can also be considered valid (Hausman 1978; Wooldridge 2021). Where the null hypothesis of orthogonality is not rejected ($p > 0.10$), both FE and RE estimates are reported to allow comparison and robustness checks.

All estimations use cluster-robust standard errors, correcting for heteroskedasticity and within-firm autocorrelation. Multicollinearity diagnostics combine correlation matrices of which none of the regressors exceeds the conventional caution threshold of 0.75 confirming stable relationships among variables (Wooldridge 2021). Model residuals are examined for specification error and non-linearity, ensuring that statistical significance reflects substantive relationships rather than artefacts of estimation.

All regressions are executed in Stata 18, using the xtreg, hausman, and related diagnostic routines (StataCorp 2023). The consistent use of this specification, moderation logic, and diagnostic protocol across the three empirical analyses, IR quality, equity valuation, and debt leverage, preserves methodological coherence and ensures comparability of results across objectives.

In essence, this econometric design operationalises the study's theoretical framework within a transparent and replicable statistical structure. It connects the conceptual logic of how organisational culture and audit quality shape IR credibility to measurable financing outcomes, establishing the evidential foundation for the empirical analyses that follow. The next section summarises these methodological choices and signals their application in Chapters Five, Six, and Seven.

4.6 Chapter Summary

This chapter set out the general research design and methodology that underpin the empirical core of this study. It first located the enquiry within a coherent philosophical stance, critical realism (ontology), post-positivism (epistemology), and pragmatism (method), to justify the use of large-sample, quantitative tests that remain sensitive to SSA's institutional context. Within this framework, observable indicators (IR quality, audit quality, and culture proxies) are treated as credible, though imperfect, representations of underlying organisational behaviour and are analysed to identify regularities that withstand rigorous checking.

The overall design is a quantitative explanatory panel approach applied to a balanced census of eligible issuers: 67 listed firms observed over ten financial years (2014 - 2023). A census was preferred to sampling because the eligible population is modest and uneven disclosure across frontier markets heightens the risk of selection bias if cases are omitted. All variables are sourced from Bloomberg (2024) to ensure consistency, comparability, and replicability; Table 4.2 documents definitions, scaling, and theoretical anchors. Monetary fields are expressed in US dollars to limit exchange-rate distortion.

The econometric framework employs firm-level panel regressions with fixed effects as the primary estimator and random-effects reported where the Hausman test indicates orthogonality. Models incorporate time effects, cluster-robust standard errors, and interaction terms to evaluate moderation by organisational culture and audit quality. Multicollinearity is addressed through correlation matrix and no key regressor exceeds the conventional caution threshold.

Methodologically, the chapter provides a transparent and replicable blueprint that links each result to well-specified constructs, documented data sources, and clearly justified estimators. The empirical programme now proceeds as follows: Chapter Five addresses Objective One by testing whether organisational culture and audit quality attributes are associated with higher IR quality; Chapter Six examines (Objective Two) whether IR quality relates to firms' equity-market valuation and whether culture and audit quality moderate that relationship; Chapter Seven evaluates (Objective Three) the association between IR quality and firms' debt-leverage structure, again assessing moderating effects; and Chapter Eight integrates these findings into a practical framework for SSA (Objective Four).

CHAPTER FIVE
DETERMINANTS OF INTEGRATED REPORTING QUALITY IN SUB-SAHARAN AFRICA

5.1 Introduction

Integrated Reporting (IR) in this study is understood not merely as compliance with the International Integrated Reporting Council (IIRC) Framework (2013, 2021) but as a holistic corporate reporting practice that integrates financial and non-financial information, including environmental, social, and governance (ESG) dimensions, into a single, connected account of performance and value creation over time. IR therefore represents a broader form of organisational accountability that links sustainability disclosure, ethical responsibility, and financial performance, providing an integrated narrative of how strategy and operations contribute to long-term value creation for multiple stakeholders. In doing so, effective IR aligns corporate reporting with the aims of the United Nations (UN) Sustainable Development Goals (SDGs), which call for transparency in how firms generate economic, social, and environmental value.

Over the past decade, listed companies across Sub-Saharan Africa (SSA) have increasingly adopted IR principles. The Johannesburg Stock Exchange (JSE) led this transition under South Africa's King III and IV codes, with similar voluntary initiatives in Kenya, Nigeria, and Mauritius (Institute of Directors in South Africa 2016; National Committee on Corporate Governance 2016; Capital Markets Authority 2017; Financial Reporting Council of Nigeria 2019). However, the quality of these reports remains uneven. Empirical reviews reveal that while some companies produce well-integrated, decision-useful narratives, others still attach generic sustainability statements to financial accounts without clear strategic linkage (Maroun 2019a; De Villiers and Sharma 2020). This heterogeneity indicates that compliance with frameworks alone does not ensure meaningful integration; internal organisational factors may explain the divergence.

Understanding why IR quality varies across SSA is critical for both policy and practice. The region faces persistent information asymmetry, high capital costs, and limited enforcement capacity, yet few studies explore how internal mechanisms, specifically organisational culture and audit quality, shape disclosure outcomes. Most prior African research focuses on external governance features such as board independence or ownership structure, leaving the behavioural and assurance dimensions under-examined (Hernández 2012; Ecim and Maroun 2023). Addressing this gap contributes to literature by testing whether firm-level capabilities and oversight quality, as theorised by the Resource-Based View (RBV) and Institutional theory, enhance the quality and depth of integrated disclosures. RBV suggests that enduring cultural attributes such as leadership continuity constitute inimitable capabilities that improve reporting integration, while Institutional and Legitimacy theories explain how credible assurance and conformity to professional norms reinforce stakeholder trust. Finally, Stakeholder and Contingency theories contextualise these relationships within the diverse institutional environments of SSA, recognising that the relevance and strength of each mechanism may vary across markets.

This chapter therefore fulfils Objective One of the study: to examine how organisational culture and audit quality influence the quality of IR within SSA. The analysis focuses on two dimensions: (i) cultural attributes that reflect internal commitment and capability, and (ii) audit mechanisms that signal credibility through independent oversight. By focusing on these determinants, the chapter complements, not precedes, the market-reaction analyses in Chapters Six and Seven, which investigate how equity value and debt leverage respond to IR quality. Together, these three empirical chapters provide a comprehensive view of disclosure quality and its financial implications in emerging-market settings.

The remainder of the chapter proceeds as follows. Section 5.2 reviews existing research on culture and audit driven disclosure and elaborates the theoretical reasoning underpinning the study's hypotheses. Section 5.3 outlines the econometric model and variable construction. Section 5.4 presents descriptive statistics and regression results, discussing their implications for governance and practice across SSA. Section 5.5

concludes by synthesising key insights and linking them to the broader objectives of the study.

5.2 Literature Review and Hypotheses Development

The quality of IR is established through both internal and external organisational mechanisms**.** Internally, corporate culture influences whether managers and employees are inclined to disclose openly and integrate sustainability information into their reporting processes. Externally, the quality of audit oversight provides assurance that the information disclosed is reliable and that the report presents a fair reflection of performance and value creation. Together, these dimensions determine whether an IR is perceived as credible by stakeholders.

This study situates the discussion within four interrelated theoretical lenses. The RBV theory posits that intangible capabilities, such as institutional knowledge, ethical culture, and human capital stability, enhance firms' ability to generate credible, consistent disclosures. Institutional theory and Legitimacy theory explain how organisations seek alignment with social and professional norms to maintain legitimacy in the eyes of stakeholders, while Stakeholder and Contingency theories emphasise that the relevance and strength of disclosure drivers differ across contexts, industries, and stakeholder expectations.

Within the SSA region, where regulatory enforcement is uneven and capital markets remain thin, these internal mechanisms are likely to play a greater role in shaping IR quality. Empirical evidence from emerging economies remains fragmented, with limited multi-country studies integrating these theoretical strands. The following subsections synthesise prior literature on organisational culture and audit quality as determinants of IR quality, leading to the hypotheses tested in this chapter.

5.2.1 Organisational Culture and IR Quality

The RBV theory provides a natural foundation for examining organisational culture as a driver of IR quality. From this perspective, culture represents a bundle of routines and shared values that guide managerial behaviour and embed the capacity for transparency and accountability within the organisation (Barney 1991; Vitolla *et al.*

2019b). A culture that prioritises long-term stewardship over short-term performance encourages more integrated and forward-looking reporting practices.

Two firm-level indicators, board tenure and employee turnover, capture distinct but complementary aspects of this cultural capability.

Board tenure reflects the average length of service of executive and non-executive directors. Boards with longer tenures accumulate strategic memory, an understanding of past decisions, crises, and stakeholder interactions that allows them to contextualise performance across reporting periods. This accumulated knowledge fosters an intrinsic commitment to transparent disclosure and long-term value creation (De Klerk, De Villiers and Van Staden 2015; Hsiao, de Villiers and Scott 2022). According to the RBV theory, such enduring leadership knowledge constitutes an inimitable capability that strengthens the organisation's ability to produce coherent and quality reports. Empirical studies in South Africa and Italy show that firms with more experienced boards disclose higher quality ESG and IR information, suggesting that the tenure depth translates into richer, decision-useful communication (Vitolla *et al.* 2019b; Salvi *et al.* 2022). However, most SSA studies remain limited to South Africa, leaving other markets under-examined (Tlili, Ben Othman and Hussainey 2019; Ecim and Maroun 2023).

Employee turnover, in contrast, captures the stability of the workforce and the retention of tacit operational knowledge. Lower voluntary turnover indicates that the organisation retains institutional expertise and cross-functional trust, conditions that enable consistent data gathering and narrative coherence. Empirical research links workforce stability to higher sustainability and IR quality (Hancock *et al.* 2013; Li *et al.* 2022). In SSA's mobile labour markets, retaining skilled employees in finance and sustainability functions is costly, particularly given regional 'brain-drain' pressures. Under the RBV theory, such retention represents a deliberate investment in human-capital continuity that supports integrated thinking.

Theoretically, culture also links to Institutional and Legitimacy perspectives: long-serving boards and stable teams help internalise norms of accountability and ethical conduct that align the organisation with stakeholder expectations. Conversely, fragmented cultures, frequent leadership changes, high staff turnover, produce symbolic rather than substantive IR practices (Vitolla *et al.* 2019b). Empirical evidence beyond South Africa is scarce, and this study addresses that gap by testing whether these cultural proxies, as expressions of firm-specific capabilities, explain variations in IR quality across SSA.

The following hypotheses are proposed:

a. H1a: Longer average board tenure is positively associated with IR quality.
b. H1b: Lower voluntary employee turnover is positively associated with IR quality.

While organisational culture provides the internal foundation for quality and integrated disclosure, it cannot alone guarantee stakeholder confidence. Even the most transparent internal culture requires external validation to assure outsiders that reported information is accurate, consistent, and free from bias. In this respect, audit quality complements cultural capability: it converts internal intentions into externally verified trust. The next section therefore turns to the assurance mechanisms, both at board and external auditor level, that reinforce IR quality within SSA's evolving institutional landscape.

5.2.2 Audit Quality and IR Quality

While culture creates the internal capacity for IR, external assurance mechanisms strengthen stakeholder confidence that the information disclosed is accurate and credible. From a Legitimacy theory standpoint, independent verification allows firms to demonstrate conformity with accepted professional and ethical standards, thereby maintaining legitimacy among investors, regulators, and the public. In turn, Institutional theory suggests that such assurance practices, through audit committees and external auditors, reflect both normative and coercive pressures to align with global reporting norms.

Three audit quality indicators are examined: audit committee meetings, auditor tenure, and audit fees. These measures, collectively, signal the extent of oversight and resource commitment to quality disclosure.

Audit committee activity, typically measured by the number of meetings held per year, reflects the intensity of board level oversight. Active committees facilitate interaction between management, internal auditors, and external auditors, helping identify inconsistencies or data gaps in the reporting process. Studies from South Africa, Indonesia and other developed markets find that frequent committee meetings are associated with clearer, better substantiated sustainability disclosures (Li, Mangena and Pike 2012; Haji and Anifowose 2016; Raimo *et al.* 2021b). However, empirical evidence from other SSA markets is minimal (Ahmed Haji and Anifowose 2016). This study extends prior work by testing whether higher audit committee diligence corresponds with enhanced IR quality across a multi-country panel of African firms.

Auditor tenure captures the trade-off between knowledge accumulation and independence. Moderate tenure allows auditors to develop an understanding of the client's operations and data systems, improving their capacity to evaluate non-financial disclosures. Yet excessively long tenure can lead to familiarity threats that reduce scepticism (Knechel and Vanstraelen 2007; Jadiyappa *et al.* 2021; Temitope, Anichebe and Ifeoma 2023). The expectation, consistent with institutional and stakeholder reasoning, is that independence and expertise must be balanced to preserve quality.

Audit fees, when viewed through a legitimacy and resource-based lens, represent a financial signal of the firm's willingness to invest in assurance quality. Audit fees, reflecting continued engagement in robust verification, should be associated with higher reporting quality, whereas one-off spikes often occur after control failures (Hoitash, Markelevich and Barragato 2007; Temitope, Anichebe and Ifeoma 2023). This distinction is crucial in SSA, where audit markets are concentrated and fee structures vary widely across industries.

Collectively, these indicators provide a comprehensive view of audit quality as a mechanism for strengthening the quality of IR. They capture not only oversight intensity and auditor expertise but also the economic commitment to verification. Grounded in Legitimacy and Institutional theory, and informed by empirical evidence from emerging markets, the following hypotheses are proposed:

a. H2a: The frequency of audit-committee meetings is positively associated with IR quality.
b. H2b: Low Auditor tenure is associated positively with IR quality.
c. H2c: Higher audit fees are positively associated with IR quality.

The discussions on organisational culture and audit quality collectively highlight that the quality of IR depends on both internal capability and external assurance. However, understanding these mechanisms in isolation is insufficient. A coherent theoretical structure is needed to explain how firm specific resources, institutional forces, and stakeholder expectations interact to produce quality disclosure within SSA’s complex environment. The next section therefore consolidates these ideas into an integrated theoretical foundation, drawing together insights from the Resource-Based View, Institutional, Legitimacy and Stakeholder/Contingency theories, to provide a holistic lens through which the study’s empirical models can be interpreted.

5.2.3 Theoretical Foundations

The preceding discussions established that both organisational culture and audit quality serve as mechanisms shaping IR quality. However, to understand how these mechanisms interact, it is essential to anchor the analysis within a coherent theoretical foundation. This study draws primarily on the RBV, Institutional, Legitimacy and Stakeholder/Contingency theories to explain why internal capabilities and external assurance processes jointly influence IR outcomes within the SSA context. Together, these theories provide a multidimensional lens through which IR quality can be viewed as both an outcome of internal strategic capacity and a response to external institutional expectations.

The RBV theory positions organisational culture as a strategic resource that enhances a firm’s ability to generate credible and cohesive disclosures (Barney 1991; Vitolla *et al.* 2019b). Board tenure and employee turnover represent rare, valuable, and inimitable capabilities that support integrated thinking and long-term orientation, conditions essential for high quality IR. In SSA, where institutional environments are less predictable and human-capital retention is costly, such resources are even more valuable. Firms that cultivate stability and collective memory among leadership and staff develop the absorptive capacity to connect financial and non-financial performance over time, producing richer and more coherent IR. This internal capability dimension creates the foundation upon which institutional and legitimacy pressures subsequently act, linking firm-specific resources to broader societal expectations of transparency and accountability.

Institutional theory complements this internal perspective by recognising that firms operate within broader normative and regulatory systems that influence disclosure behaviour (DiMaggio and Powell 1983; De Villiers, Hsiao and Maroun 2017). In SSA, where governance codes and enforcement differ across jurisdictions, firms often adopt IR practices to align with international expectations or to maintain access to global capital markets. This institutional pressure drives conformity with accepted norms of transparency and accountability. At the same time, local institutional voids, such as weak enforcement or scarce assurance expertise, mean that firms must rely on internal cultural capabilities and audit oversight to signal legitimacy to stakeholders. Thus, Institutional theory extends the RBV argument by showing that the effectiveness of internal cultural resources depends on how firms respond to, and are constrained by, the institutional environments in which they operate.

Legitimacy theory further extends this reasoning by explaining why firms engage in IR to sustain social approval and maintain stakeholder confidence (Suchman 1995; De Villiers, Rinaldi and Unerman 2014). Through high quality IR, organisations demonstrate that their strategies and resource allocations contribute to sustainable value creation and ethical accountability. External audit quality plays a vital role here, acting as an independent endorsement of the firm's legitimacy claims. In contexts such as SSA, where investor protection is limited and public trust in corporate reporting remains fragile, quality audit oversight converts formal compliance into substantive authenticity. Legitimacy theory therefore reinforces the Institutional logic while connecting it back to the RBV: internal cultural capability alone is insufficient without the external validation that sustains social and market legitimacy.

Finally, Stakeholder and Contingency theories provide the contextual bridge that integrates these perspectives (Donaldson 2001; Freeman 2010). They acknowledge that the determinants of IR quality vary across contexts, industries, and stakeholder groups. In developed markets, formal regulation and analyst scrutiny may drive reporting quality; in SSA, however, informal norms, board culture, and credible audit practices often substitute for regulatory discipline. These theories also highlight that stakeholder expectations, whether from investors, creditors, or regulators, create feedback loops that influence how firms balance resource deployment, institutional conformity, and legitimacy maintenance. In this sense, the Stakeholder/Contingency lens closes the theoretical circle by situating RBV, Institutional, and Legitimacy dynamics within the lived realities of emerging markets, where firms adapt their disclosure behaviour to evolving expectations and environmental constraints.

Collectively, these four perspectives converge on a single proposition: IR quality arises from the dynamic interplay between internal capability and external assurance, shaped by institutional and stakeholder contexts. Firms with strong organisational cultures possess the ability to integrate and communicate value creation, while those with robust audit oversight secure the external trust necessary for those disclosures to be credible. Both forces are amplified, or constrained, by SSA's institutional diversity, regulatory asymmetry, and varying stakeholder demands. This synthesis not only unites the four theoretical strands but also grounds the study's empirical logic, linking firm-level behaviour with broader socio-institutional realities.

The next section, 5.2.4 - Conceptual Framework, translates this theoretical synthesis into a visual and narrative model. It demonstrates how organisational culture (internal capability) and audit quality (external assurance) function as interconnected forces that jointly shape IR quality within SSA's distinctive institutional environment.

5.2.4 Conceptual Framework

Building on the theoretical foundations outlined in Section 5.2.3, the conceptual framework illustrated in Figure 5.1 below captures how internal and external mechanisms jointly influence the quality of IR in SSA. The framework rests on the premise that IR quality emerges from two complementary dimensions: organisational culture, which reflects a firm's internal capability for integration and transparency, and audit quality, which provides the external validation necessary to transform internal practices into stakeholder trust.

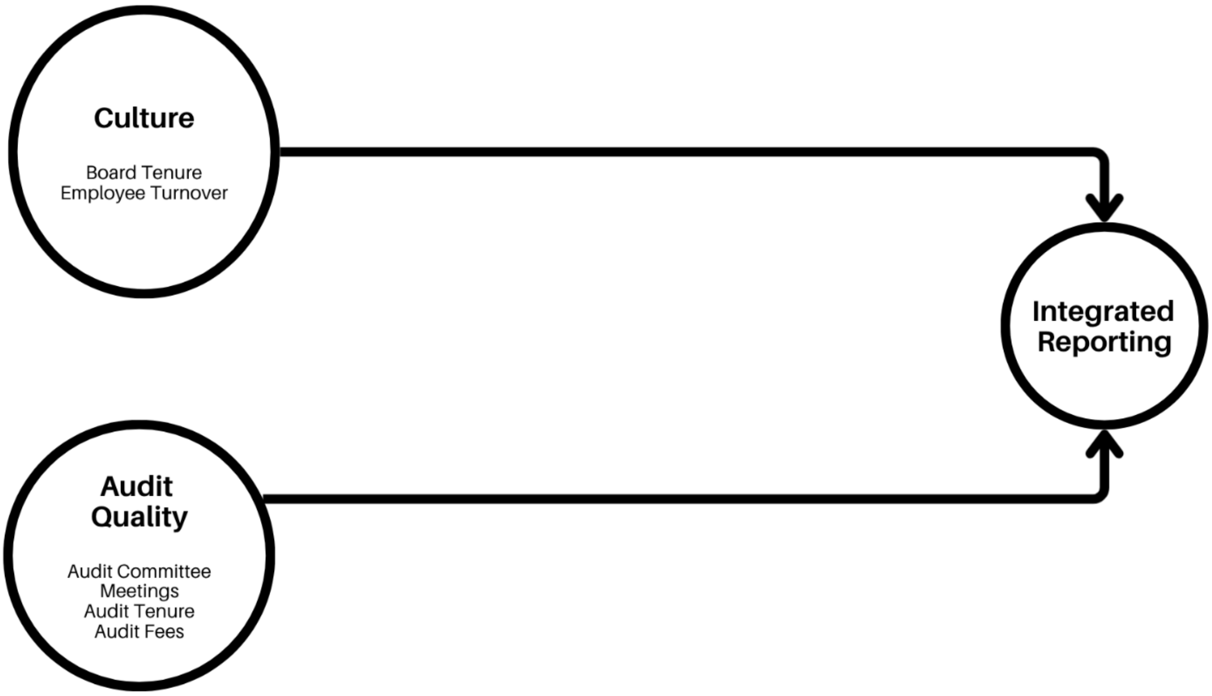

Figure 5-1: Conceptual Framework on Determinants of Integrated Reporting Quality in SSA

Source: Own contribution

At the upper level of the framework, organisational culture embodies the internal resources and behavioural norms that determine a firm's approach to disclosure. Board tenure and employee turnover are used as empirical indicators of this dimension. Longer board tenure represents accumulated strategic memory and leadership continuity, while lower voluntary employee turnover signifies stability and retention of tacit knowledge across functions. Together, these attributes capture a firm's ability to connect financial and non-financial information in a coherent narrative over time. Within the RBV and Institutional perspectives, such cultural traits act as inimitable capabilities that foster integrated thinking and embed ethical and sustainability-oriented values within reporting processes. In SSA, where regulatory oversight may be limited, these internal attributes serve as substitutes for formal enforcement, enhancing disclosure quality through intrinsic commitment rather than external compulsion.

At the lower level, audit quality reflects the external assurance layer that reinforces quality reporting. Audit committee meetings, auditor tenure, and audit fees serve as proxies for this dimension. Frequent committee meetings indicate active board oversight and greater internal engagement with auditors; balanced auditor tenure captures the optimal point between learning and independence; and audit fees represent tangible resource commitment to scrutiny and verification. Through the lenses of Institutional and Legitimacy theories, these mechanisms demonstrate the firm's responsiveness to stakeholder expectations and its willingness to align with accepted norms of accountability and transparency. In SSA's thinly regulated markets, such audit related signals perform a legitimacy restoring role, bridging the gap between internal culture and external stakeholder assurance.

Both cultural and audit quality dimensions converge on IR quality, conceptualised here as a holistic communication of value creation that connects financial and non-financial performance, aligns with ethical accountability, and advances sustainable development outcomes. By linking these dimensions, the framework captures the dual pathways through which firms in SSA achieve quality and decision-useful reporting. Culture supplies the motivation and capacity for transparency; audit oversight converts that intention into credible evidence trusted by investors, creditors, and regulators. This interaction reflects a hybrid logic: internal stewardship capabilities reinforced by external verification create an ecosystem of quality reporting.

This conceptual model also resonates with the broader sustainable development agenda. The cultural dimension aligns with SDG 8 (Decent Work and Economic Growth) through its emphasis on workforce stability and leadership development; the audit-quality dimension supports SDG 16 (Peace, Justice, and Strong Institutions) by promoting integrity and accountability through rigorous oversight; and the overall improvement in IR quality contributes to SDG 12 (Responsible Consumption and Production) by ensuring that firms disclose how their strategies and resource use affect long-term societal and environmental outcomes. These linkages emphasise that IR is not merely a compliance tool but a mechanism that can advance institutional maturity across SSA.

Overall, this framework encapsulates the study's central argument: that IR quality in SSA is shaped by the synergy between internal cultural capability and external assurance credibility, both moderated by the institutional and stakeholder environment in which firms operate. This dual structure provides the analytical foundation for the empirical tests that follow.

The next section, 5.3 - Research Methods, translates this conceptual framework into measurable constructs and econometric equations, detailing how each variable, derived from Bloomberg (2024), operationalises the theoretical relationships outlined above.

5.3 Research Methods

This section translates the conceptual framework into measurable constructs and econometric equations that can be empirically tested. The analysis adopts a quantitative explanatory panel design, consistent with Objective One, which examines how organisational culture and audit quality influence IR quality across SSA. The data are secondary and numerical, drawn entirely from Bloomberg (2024), which provides annual ESG scores and related financial indicators. The study covers 67 publicly listed firms across eleven anglophone SSA exchanges over a ten-year period (2014 - 2023), producing a balanced panel of 670 firm-year observations. This longitudinal structure enables the identification of both firm-specific and temporal effects on IR quality.

The empirical analysis estimates the extent to which internal culture and external audit oversight influence IR quality. The model structure is grounded in established disclosure valuation frameworks developed by Ohlson (1995), De Klerk, De Villiers and Van Staden (2015) and Vitolla, Raimo and Rubino (2020) adapted here for SSA. This design operationalises the study's theoretical alignment:

a. RBV theory motivates the inclusion of cultural variables as inimitable organisational capabilities;
b. Institutional and Legitimacy theories support audit quality variables as mechanisms of external credibility; and

c. Stakeholder and Contingency theories justify controlling for contextual heterogeneity across industries and countries.

Two complementary econometric equations are estimated on a balanced ten-year panel of 67 SSA listed companies.

a. Equation (5.1) estimates culture, observable through board tenure and employee turnover, influences IR quality.
b. Equation (5.2) estimates identically for audit quality, replacing the cultural terms with audit committee meeting frequency, auditor tenure and audit fees.

In both cases, firm profitability, macro-economic context, size, market performance and financing structure enter as controls, while industry and country dummies absorb sectoral and legal-origin heterogeneity. Fixed and random-effects estimators are applied; Hausman diagnostics guide the preferred specification which is further discussed in this section. The specification mirrors the generic equation set out in Section 4.5, with IR now occupying the dependent slot.

5.3.1 The Econometric Design

To test whether internal culture and audit oversight influence IR quality, two panel-data regressions are specified for the balanced sample of 67 SSA firms:

$$\begin{aligned} \mathrm{IR}_{it} = {} & \alpha_0 + \beta_1 \mathrm{BdTenure}_{it} + \beta_2 \mathrm{EmpTurn}_{it} + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} \\ & + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \ln(\mathrm{InterestExpense})_{it} \\ & + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t \\ & + \varepsilon_{it} \end{aligned} \tag{5.1}$$

$$
\begin{aligned}
\mathrm{IR}_{it} = {} & \alpha_0 + \beta_3 \mathrm{ACMeet}_{it} + \beta_4 \mathrm{AudTenure}_{it} + \beta_5 \ln(\mathrm{AuditFees})_{it} + \gamma_1 \mathrm{ROA}_{it} \\
& + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} \\
& + \gamma_5 \ln(\mathrm{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} \\
& + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it}
\end{aligned} \tag{5.2}
$$

Variable-by-variable explanations are explained below:

IR: The dependent variable in both models is IR, proxied by Bloomberg's composite ESG Disclosure Score (0 - 100 scale). Bloomberg (2024) derives the metric from more than 700 financially material environmental, social and governance datapoints and then normalises the raw tallies into a sector-adjusted percentile. Crucially for SSA, Bloomberg (2024) provides annual coverage for every firm in the 67 company sample from 2014 to 2023 This longitudinal completeness is essential for the fixed and random effects estimation techniques adopted in the chapter (De Villiers, Rinaldi and Unerman 2014; Atkins and Maroun 2015; Baboukardos and Rimmel 2016; International Integrated Reporting Council 2021).

BdTenure: Board Tenure is used here as a behavioural lens on organisational culture, not as a routine governance ratio. Formal governance codes in SSA prescribe structures; board size, independence, committee membership, but they reveal little about the shared institutional memory that forms when the same executives navigate several strategy cycles together. Studies have shown that this memory matters: long-serving boards craft more connected IR narratives (Vafeas 2003; Huang and Hilary 2018; Vitolla *et al.* 2019b) and richer sustainability reporting across 28 countries , a pattern echoed in a voluntary-disclosure meta-analysis (Saraswati, Azzahra and Sagitaputri 2020).

From a RBV perspective, such continuity represents an inimitable intangible resource, an internally embedded capability that supports coherent, forward-looking disclosure and integrated decision-making (Barney 1991; De Villiers, Hsiao and Maroun 2017). Boards that accumulate deep organisational memory are better equipped to craft narratives that connect financial and non-financial performance, thereby improving the quality of IR.

Within Institutional theory, extended board tenure also signals conformity with governance norms that value experience, stability, and accountability. Over time, directors internalise institutional logics of transparency and ethical disclosure, aligning their behaviour with stakeholder expectations (DiMaggio and Powell 1983; Scott 2013). Meanwhile, Legitimacy theory posits that firms with longer serving boards are better positioned to maintain societal trust, as continuity allows them to build consistent relationships with external stakeholders and regulatory bodies (Suchman 1995; De Villiers, Rinaldi and Unerman 2014).

In thin monitoring African markets, where analyst coverage is patchy and enforcement uneven the board often becomes the main archive of past shocks: currency crises, regulatory shifts, community disputes (World Bank 2022). Retaining seasoned executives is therefore costly in time and forgone rotation opportunities; under signaling theory, only firms confident that their multi-capital story will withstand scrutiny are willing to bear that cost (Spence 1978; Keay 2017). Rotation caps of nine or ten years introduced in Kenya supply natural variation the panel model exploits (Capital Markets Authority 2017).

Altogether, board tenure is treated as a culture-rooted indicator of intrinsic motivation to produce a candid, forward-looking IR conceptually distinct from checklist-style governance variables.

EmpTurn: Employee turnover, measured as departures divided by prior-year headcount, offers a second, workforce-level window onto organisational culture. In SSA, the ‘brain drain’ of finance, sustainability and IT specialists to multinationals and NGOs is well documented (World Bank 2022). Firms that buck this trend, keeping key staff over multiple planning cycles, preserve tacit know-how and the informal networks needed to mesh environmental data from field sites with financial Key Performance Indicators (KPIs) compiled at head office, precisely the connectivity the IR Framework demands. Recent cross-country evidence shows that lower turnover correlates with richer multi-capital discussion and a higher likelihood of obtaining external assurance, suggesting that retention fosters both narrative depth and verification readiness. Under RBV theory, employees who expect to stay identify more strongly with long-term outcomes and are therefore readier to surface uncomfortable trade-offs; under Signaling theory, investing in retention, training budgets, career paths, above-market pay, is a cost low-quality firms will avoid. Turnover ratios are disclosed annually in most King IV-compliant reports, giving the panel model the time variation it needs. Together with board-tenure depth, low voluntary churn captures complementary layers of the same cultural fabric: one anchored in strategic memory at the top, the other in operational memory throughout the ranks (Lee and Mitchell 1994; Hancock *et al.* 2013; Li *et al.* 2022).

ACMeet: Audit committee meeting stands in as a proxy for audit quality. Each additional formal sitting represents scarce executive time, travel budgets and stipends, real resources that thinly staffed

Sub-Saharan boards must ration carefully. When a committee nevertheless meets five or more times a year, outside investors infer that both the financial statements and the non-financial narratives in the IR have been probed line-by-line (Abbott, Parker and Peters 2004; Li, Mangena and Pike 2012; Mardessi 2022). Empirical work, Li, Mangena and Pike (2012); Mardessi (2022), bears out that intuition: South-African issuers with the busiest audit committees present clearer value-creation diagrams and use plainer language in their IR sections, while parallel studies conducted in Africa links the same diligence to richer risk disclosure (Haji and Anifowose 2016; Temitope, Anichebe and Ifeoma 2023). Moreover, the annual report's governance statement discloses meeting counts verbatim, this variable supplies a consistent, auditable series across the eleven SSA exchanges, satisfying the dual demands of Legitimacy theory (independent monitoring) and Signaling theory (costly, observable effort) in a single, transparent metric.

AudTenure: A second, and structurally different, proxy for audit quality is the length of the firm's relationship with its external auditor. In SSA, where only a handful of Big-Four offices serve multiple exchanges, specialist sector knowledge builds slowly. A medium-length engagement (about six to nine consecutive years) allows the audit team to master both IFRS nuances and local sustainability codes, sharpening its ability to challenge overly optimistic narrative links in the integrated report. International meta-analyses confirm that audit quality improves during this learning phase but can taper off once familiarity dulls professional scepticism (Lin and Hwang 2010; Durand 2019). Since, audit tenure data are disclosed in every set of audited financials, the measure is transparent, time-varying and well suited to Legitimacy and Signaling interpretations: sustaining a multi-year engagement with a top-tier auditor is an observable, costly commitment that lower-quality firms find hard to mimic (DeFond and Zhang 2014; Cameran *et al.* 2015; Jadiyappa *et al.* 2021).

ln(AuditFees): A third audit-quality indicator is the natural-logarithm of audit fees. As a result, statutory audits dominate the service mix on most SSA exchanges, any material fee premium is almost certainly paying for extra partner hours or the deployment of specialists who can trace IR metrics back to source systems and test the logic of multi-capital trade-offs (Simunic 1980; Quick and Schmidt 2018; Beardsley, Lassila and Omer 2019). Audit fee studies confirm that such premia are positively associated with disclosure credibility in mature markets (Carson *et al.* 2013; Garcia-Blandon, Argiles and Ravenda 2020), and Nigerian evidence, once fees are scaled to firm size, shows the pattern holds in frontier settings too (Temitope, Anichebe and Ifeoma 2023). Logging the variable strips out size effects and inflation noise, leaving a cleaner monetary signal of assurance effort. Taken together, the audit-committee meeting count (oversight intensity), auditor tenure (knowledge depth) and log audit fees (resource commitment) form a complementary triad: each captures a distinct but mutually reinforcing dimension of the external check that Legitimacy theory deems essential, and their combined presence in the model offers a sharper test of whether substantive scrutiny, rather than mere box-ticking, translates into higher IR quality.

To isolate the incremental effect of culture and audit-quality signals on IR quality, the regressions control for a set of firm-level, market-level and contextual influences that prior work has shown to shape disclosure behaviour in SSA (Frank and Goyal 2009; Fosu 2013; Kumar, Colombage and Rao 2017; Mvunabandi and Maama 2023).

ROA and GDP: Profitability enters through return on assets (ROA). Profitable firms enjoy discretionary cash that can be channelled into data systems, assurance hours and report design; they are also monitored more intensely by investors who have more value at stake. Large cross-jurisdictional samples consistently associate higher ROA with richer sustainability and IR disclosure (Barth *et al.* 2017; Saputra 2022). Year-on-year growth in the issuer's home-country GDP is added to capture the macro mood: buoyant economies make forward-looking narratives easier to tell, whereas recessions may push managers towards defensive boilerplate.

BVPS: A book-based market metric, Book Value Per Share (BVPS), proxy the short-term and long-term signals already embedded in published financials. By soaking up variation associated with these familiar markers, the model can reveal whether the IR score adds information beyond conventional earnings or asset values (Lee and Yeo 2016; Saputra 2022).

Firm Age and ln Interest Expense: Vintage and capital structure are controlled through firm age and the log of interest expense . Older companies have had longer to institutionalise integrated thinking, yet evidence on the direction of the effect is mixed across various exchanges (Wegener, Elayan, Felton and Li 2013; Velte 2023). Higher interest expense intensity may use extended narrative to reassure lenders, a practice documented amongst some African issuers (Ahokpossi 2013; Addai, Tang, Gyimah and Appiah 2023). Including both variables separates stewardship-driven disclosure from these financing pressures.

Industry and Country dummies: Finally, full sets of Global Industry Classification Standard sector dummies and national dummies absorb unobserved heterogeneity tied to sectoral disclosure norms, mining versus telecoms, for example, and to country-specific institutional environments (Porta *et al.* 1998; Hail and Leuz 2006; Soriya and Rastogi 2022). This follows the panel approach advocated by Garcia-Sanchez, Rodríguez-Ariza and Frías-Aceituno (2013) and applied to SSA data by Maama and Marimuthu (2022), ensuring that the coefficients on culture and audit variables are not confounded by industry or regulatory context. The next subsection (5.3.2) discusses the choice of panel estimation techniques and model diagnostics employed.

5.3.2 Estimation Techniques and Model Diagnostics

The empirical analysis for this chapter utilises panel-data regression techniques appropriate for longitudinal observations of firms, consistent with studies in IR (Barth *et al.* 2017; De Villiers, Hsiao and Maroun 2017; Maroun 2019a). Given the study's balanced panel structure comprising 67 listed SSA firms over ten financial years (2014 - 2023), two common estimation methods, Fixed Effects (FE) and Random Effects (RE), were applied.

The FE model accounts explicitly for firm-specific heterogeneity by allowing each company to have its own intercept, thereby controlling for unobserved, time-invariant characteristics unique to individual firms (Wooldridge 2010, 2021). The FE model is particularly suited to SSA research due to substantial differences in regulatory environments, institutional settings, and corporate culture that are fixed over time but vary significantly across firms (Aziza 2021; Maama 2021).

Conversely, the RE model treats firm-specific variations as random and assumes these effects are uncorrelated with the explanatory variables in the model (Baltagi 2008; Asteriou and Hall 2021). This estimation provides efficiency gains, making it preferable if the assumption of no correlation holds true. Given the diverse SSA context, however, the validity of this assumption requires formal testing.

To formally choose the most suitable estimator between FE and RE, the Hausman specification test was conducted for each model (Hausman 1978). The Hausman test compares the consistency of FE and RE estimators by testing the null hypothesis that firm-specific effects are uncorrelated with regressors. A rejection of this hypothesis favours the FE estimator, given its robustness to such correlation (Baltagi 2008; Wooldridge 2021). Conversely, a failure to reject the null hypothesis supports the efficiency of RE.

In the present study, Hausman tests consistently guided model selection, with FE preferred for leverage models and RE preferred for IR quality regressions. In other words, the Hausman specification test determines the appropriate estimator. A p-value below 0.05 indicates significant correlation between individual effects and regressors, favouring FE for consistency; a p-value ≥ 0.05 suggests RE is efficient and consistent. Robust standard errors clustered by firm are applied in all models to correct for heteroskedasticity and serial correlation (Petersen 2008). Robust standard errors clustered at the firm level were applied throughout to mitigate potential heteroskedasticity and autocorrelation issues common in panel data (Baltagi 2008; Petersen 2008; Asteriou and Hall 2021).

This rigorous selection of estimation methods aligns with established empirical finance and accounting literature on IR practices and is particularly justified in the context of SSA, given the pronounced firm heterogeneity across diverse regulatory and institutional landscapes (Barth *et al.* 2017; Maama and Marimuthu 2022). Lastly, the diagnostic choices replicate those described in section 4.5 to maintain a single evidential chain throughout the study.

5.4 Results and Discussion

This section presents and interprets the empirical findings for Objective One, which seeks to examine how organisational culture and audit quality influence the quality of IR among listed firms in SSA. Using the balanced ten-year panel of 67 firms discussed in Section 5.3, the analysis evaluates whether firm-level cultural attributes, board tenure and employee turnover, and audit quality mechanisms, audit committee meetings, auditor tenure, and audit fees shape the quality of integrated disclosures.

The empirical analysis proceeds in two stages. First, descriptive and diagnostic results summarise the data characteristics, variable relationships, and multicollinearity checks to confirm the dataset's suitability for panel-regression estimation. Second, the regression results evaluate how organisational culture and audit quality mechanisms influence IR quality, interpreted through the lenses of the RBV, Institutional, and Legitimacy theories within the SSA context.

For presentation clarity, Tables 5.1 and 5.2 combine both cultural and audit variables, though in the econometric testing they are estimated in two separate models as described in Section 5.3. The combined summary tables facilitate comparison and allow for an integrated view of the descriptive landscape of the dataset.

Table 5-1: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Panel N
IR	47.422	12.269	18.383	83.02	670
Board Tenure	7.443	2.874	1.17	20.46	670
Employee Turnover	12.738	9.777	1.64	72	670
Audit Committee Meetings	4.286	1.659	2	10	670
Audit Tenure	1.965	.761	.693	4.043	670
ln Audit Fees	13.853	1.341	10.166	16.576	670
ROA	5.59	10.526	-44.46	101.29	670
GDP	.668	1.395	-3.507	6.346	670
AGE	2.572	.641	0	3.611	670
BVPS	4.218	17.655	-.11	200.75	670
ln Interest Expense	16.486	1.712	4.56	20.073	670

Source: Own contribution

The descriptive results reveal a heterogeneous but balanced panel typical of emerging market firms like the SSA context. The average board tenure of 7.4 years (SD = 2.9) reflects moderate leadership continuity, while a mean employee-turnover rate of 12.7 percent (SD = 9.8) highlights relatively high workforce mobility consistent with SSA's competitive labour markets and regional 'brain-drain' dynamics. Audit committees meet approximately four times per year, broadly aligning with the recommendations of the King IV Report. The mean auditor tenure (≈ seven to eight years) and average audit fee (ln 13.85) indicate stable yet varied assurance commitments. The control variables reveal modest profitability (mean ROA = 5.6%) and slow macroeconomic growth (mean GDP = 0.67%), both reflective of the economic realities of the SSA region. The dependent variable, IR, has a mean score of 47.4 (SD = 12.3), indicating moderate but diverse disclosure quality across firms, consistent with uneven adoption levels observed across SSA.

Table 5-2: Correlation Matrix

Variables	Board Tenure	Employee Turnover	Audit Committee Meetings	Audit Tenure	ln Audit Fees	ROA	GDP	Age	BVPS	ln Interest Expense
Board Tenure	1.000									
Employee Turnover	0.356	1.000								
Audit Committee Meetings	-0.342	-0.368	1.000							
Audit Tenure	0.017	-0.265	0.389	1.000						
ln Audit Fees	0.176	0.637	0.010	-0.175	1.000					
ROA	-0.195	-0.503	0.113	-0.064	-0.765	1.000				
GDP	-0.470	-0.556	0.650	0.313	-0.444	0.541	1.000			
AGE	0.579	0.586	-0.371	-0.008	0.558	-0.448	-0.652	1.000		
BVPS	-0.357	0.024	-0.406	-0.330	-0.050	0.009	-0.478	0.084	1.000	
ln Interest Expense	0.320	0.381	0.358	0.292	0.559	-0.422	0.045	0.369	-0.705	1.000

Source: Own contribution

The correlation matrix excludes the dependent variable (IR) since the diagnostics focus solely on interrelationships among explanatory variables used in the regression analysis. The correlation coefficients show no pairwise association exceeding 0.75, the widely accepted upper bound for acceptable inter-variable correlation in panel data (Wooldridge 2010, 2021). This indicates the absence of problematic multicollinearity. The positive associations between board tenure and firm age (r = 0.58) and between audit fees and interest expense (r = 0.56) are expected: older, more established firms tend to have larger debt portfolios and therefore higher assurance needs. Conversely, the negative correlations between GDP growth and several firm-level variables suggest cyclical sensitivity common to emerging economies like SSA, where macroeconomic downturns constrain profitability and discretionary spending on reporting and assurance.

In summary, the descriptive and diagnostic results establish a statistically sound basis for analysing how internal and external mechanisms influence IR quality in SSA. The next subsection presents the regression outcomes for organisational culture effects, followed by those for audit quality effects, thereby translating the theoretical relationships developed earlier into empirical evidence.

5.4.1 Organisational Culture Effects on IR Quality

The following section revisits the first model introduced in Section 5.3 to assess how organisational culture, captured through board tenure and employee turnover, influences the quality of IR across SSA. These indicators represent the organisational memory and behavioural discipline that shape disclosure practice in firms operating within SSA's emerging and institutionally diverse markets. Using a balanced ten-year panel of 67 listed companies from 2014 to 2023, both FE and RE estimations were applied. The Hausman specification test yielded a χ^2 value of 6.95 ($p = 0.139$), confirming that the RE estimator is the more efficient and consistent specification (Hausman 1978; Wooldridge 2021). The model and its outputs are presented below.

$$\begin{aligned}\mathrm{IR}_{it} = {} & \alpha_0 + \beta_1 \mathrm{BdTenure}_{it} + \beta_2 \mathrm{EmpTurn}_{it} + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} \\ & + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \ln(\mathrm{InterestExpense})_{it} \\ & + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t \\ & + \varepsilon_{it}\end{aligned} \tag{5.1}$$

Table 5-3: Organisational Culture Effects on Integrated Reporting Quality Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(IR)	(IR)
Board Tenure	-0.491 (-0.33)	-2.794* (-2.44)
Employee Turnover	0.372 (1.43)	0.093 (0.43)
ROA	3.696* (2.34)	5.296*** (5.52)
GDP	-3.941 (-2.00)	-6.026*** (-3.56)
FirmAge	38.976 (1.92)	7.142 (0.77)
BVPS	-5.914* (-2.86)	-3.127** (-2.59)
ln Interest Expense	0.000 (0.16)	0.000 (0.29)
Industry and Country Dummies	Yes	Yes
Constant	-50.112 (-0.62)	109.819* (2.54)
Panel N	670	670
R^2	0.656	0.776

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 5-4: Organisational Culture Effects on Integrated Reporting Panel Hausman test

Chi-square	6.95
p-value	0.139
Preferred model	Random Effects

Source: Own contribution

The regression outputs are summarised in Table 5.1, presenting coefficient estimates The RE model explains 77.6% of the variation in IR quality ($R^2 = 0.776$), demonstrating strong predictive power. This level of explanatory strength aligns with multi-country studies such as Baboukardos and Rimmel (2016); De Villiers, Venter and Hsiao (2017), confirming that the model successfully captures the interaction of behavioural, financial, and institutional dynamics that define disclosure quality in SSA emerging markets.

The coefficient for board tenure is negative and statistically significant ($\beta = -2.794$, $p < 0.10$), suggesting that longer board service is associated with lower IR quality. This finding does not support H1a, which proposed a positive relationship between board tenure and IR quality. Within the RBV framework, this indicates that accumulated experience, while potentially a firm-specific resource, becomes less valuable when it leads to cognitive rigidity or risk aversion. In the Institutional context, extended tenure may reinforce compliance with outdated norms rather than adaptive, stakeholder-oriented reporting. The result therefore refines the RBV's notion of capability by showing that institutional maturity, not mere longevity, determines whether board experience enhances or constrains disclosure. Similar evidence from other African studies, Malola and Maroun (2019); Ecim and Maroun (2023), supports this contextualised interpretation: in environments with weak renewal mechanisms, board continuity can harden into conformity, narrowing the firm's responsiveness to evolving expectations of IR.

In contrast, employee turnover displays a positive but statistically insignificant coefficient ($\beta = 0.093$, $p > 0.10$). Although the direction is consistent with the RBV and Stakeholder theory, which view workforce stability as an indicator of embedded capability and trust, the lack of significance suggests that in SSA's volatile labour markets, the benefits of retention are not easily realised. Skilled professionals frequently migrate to multinationals or abroad, and firms often lack formal systems to transfer tacit knowledge. The result implies that sustainable improvements in IR quality depend not only on retaining employees but on institutionalising knowledge through structured processes and data systems. This nuance extends findings from Li *et al.* (2022), highlighting that human capital stability translates into higher disclosure quality only when integrated thinking becomes part of the organisational infrastructure.

The control variables lend further insight into these relationships. Profitability (ROA) exerts a strong positive effect ($p < 0.01$), confirming that financially robust firms allocate more resources to data collection, assurance, and report design, consistent with (Barth *et al.* 2017; Saputra 2022). Conversely, GDP growth has a negative and significant coefficient ($p < 0.01$), suggesting that in expansionary phases, firms tend to emphasise growth narratives over accountability, a dynamic also observed by Maroun (2019a). Similarly, BVPS is negative and significant, implying that firms with stronger balance sheets may rely on their financial credibility rather than detailed narrative transparency. Collectively, these controls reinforce that IR quality in SSA reflects both firm-level behaviours and macroeconomic pressures.

Diagnostic checks confirm that these inferences are robust. No pairwise correlation exceeds 0.75, well within accepted econometric thresholds (Wooldridge 2010, 2021). The estimates therefore reflect genuine relationships rather than distortions caused by multicollinearity or specification bias.

Taken together, these findings only partially support the cultural hypotheses advanced in Section 5.2. H1a is rejected, as extended board tenure appears to hinder rather than enhance disclosure quality, while H1b is not supported, given that employee turnover shows a weak and insignificant link. Nonetheless, the directional patterns remain theoretically meaningful. Within the RBV and Institutional framework, both tenure and turnover signify potential capabilities that require supportive governance environments to translate into improved IR outcomes. From a Legitimacy and Stakeholder perspective, the findings also suggest that stakeholders may reward firms that demonstrate adaptive transparency rather than those that rely solely on long-standing personnel structures.

Overall, the model demonstrates that internal culture matters, but not in isolation. Organisational capability must be renewed, embedded, and externally aligned to produce meaningful, credible reporting. The strong predictive power of the model ($R^2 = 0.776$) underscores that behavioural and contextual factors jointly determine the consistency and quality of IR across SSA. These insights not only enrich theoretical understanding of disclosure practices in emerging economies but also inform regulatory and managerial reforms aimed at strengthening governance renewal, talent development, and internal learning systems.

The analysis thus concludes that IR quality in SSA is less about continuity for its own sake and more about how effectively organisations harness experience to remain adaptive and accountable. This finding transitions naturally into the next section, which examines how audit quality, as an external verification mechanism, interacts with these internal cultural dynamics to enhance IR quality within the SSA context.

5.4.2 Audit Quality Effects on IR Quality

Where organisational culture creates the internal capacity for coherent disclosure, audit quality provides the external verification that gives those quality disclosures. In this study's framework, Institutional and Legitimacy theories view audit mechanisms as signals of compliance with societal and professional expectations, while Stakeholder and Contingency theories emphasise how the effectiveness of these mechanisms varies across institutional environments. From a RBV perspective, audit processes represent intangible capabilities that sustain transparency and stakeholder confidence, resources that can differentiate firms, especially in the weakly enforced markets of SSA.

To examine these relationships, the following panel-data model was estimated using the same balanced dataset of 67 SSA firms across ten financial years (2014 - 2023). Both FE and RE estimators were applied. The Hausman test ($\chi^2 = 11.78$, $p = 0.1611$) confirmed that firm-specific effects were uncorrelated with the regressors, validating the RE estimator as the preferred model (Hausman 1978; Wooldridge 2021).

$$\mathrm{IR}_{it} = \alpha_0 + \beta_3 \mathrm{ACMeet}_{it} + \beta_4 \mathrm{AudTenure}_{it} + \beta_5 \ln(\mathrm{AuditFees})_{it} + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \ln(\mathrm{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it} \tag{5.2}$$

Table 5-5: Audit Quality Effects on Integrated Reporting Quality Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(IR)	(IR)
Audit Committee Meetings	0.853 (1.24)	1.096 (1.55)
Audit Tenure	-3.400 (-1.64)	-5.316** (-3.04)
ln Audit Fees	-3.172* (-2.15)	-3.842** (-3.07)
ROA	0.368 (0.30)	-0.345 (-0.33)
GDP	-1.188 (-1.09)	-1.641* (-1.84)
FirmAge	-2.327 (-0.79)	2.641 (1.41)
BVPS	-0.869 (-0.57)	-0.061 (-0.07)
ln Interest Expense	0.000 (1.57)	0.000 (1.50)
Industry and Country Dummies	Yes	Yes
Constant	136.213*** (5.87)	135.094*** (6.87)
Panel N	670	670
R^2	0.580	0.551

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 5-6: Audit Quality Effects on Integrated Reporting Quality Hausman test

Chi-square	11.78
p-value	0.1611
Preferred model	Random Effects

Source: Own contribution

The RE model explains approximately 55% of the variation in IR quality ($R^2 = 0.551$), a result comparable to other multi-country IR studies in emerging economies (Maama and Marimuthu 2022). Diagnostic tests confirm robustness: no correlation exceeds 0.75, ruling out multicollinearity concerns (Wooldridge 2010, 2021).

Turning to the individual indicators, audit committee meetings show a positive but statistically insignificant association with IR quality ($\beta = 1.096$, $p > 0.10$). Although H2a predicted a positive relationship, the lack of significance indicates that frequent meetings alone do not enhance disclosure quality. From an Institutional theory standpoint, the finding suggests that mere compliance with governance codes, by increasing the number of committee sittings, does not automatically translate into substantive oversight. Consistent with, Li, Mangena and Pike (2012); Raimo *et al.* (2021b), effectiveness depends on the committee's expertise, follow-through, and integration of sustainability perspectives into audit discussions. In SSA, where audit committees often operate with limited technical depth, meeting quantity may represent formality rather than effective governance practice.

The second indicator, audit tenure, shows a negative and statistically significant coefficient ($\beta = -5.316$, $p < 0.05$), contradicting H2b, which posited that moderate auditor tenure would strengthen IR quality. This result implies that extended auditor relationships in SSA are more likely to weaken independence than to enhance familiarity with clients' business models. Within the Legitimacy and Institutional frameworks, such long engagements may erode stakeholder confidence by creating perceptions of entrenchment or reduced scepticism. This interpretation is consistent with findings by, DeFond and Zhang (2014); Jadiyappa *et al.* (2021), which warn that overly long auditor tenures reduce audit quality through excessive familiarity. In SSA's concentrated audit markets, where a small number of Big Four affiliates dominate, high switching costs exacerbate this effect, allowing relationships to persist well beyond the optimal balance between continuity and independence. The result thus reinforces the need for stricter audit rotation and tenure disclosure policies across African exchanges.

The final indicator, audit fees, also shows a negative and significant relationship with IR quality ($\beta = -3.842$, $p < 0.05$), rejecting H2c, which predicted a positive association. Although the RBV suggests that firms investing more in assurance should produce higher-quality disclosures, the evidence in SSA reveals a reverse pattern: rising fees often occur after control failures or during periods of regulatory intervention (Temitope, Anichebe and Ifeoma 2023). This suggests that audit expenditure is largely reactive rather than proactive. From a Legitimacy Theory perspective, fee spikes in such contexts may signal reputational recovery rather than sustained assurance commitment. Thus, cost intensity alone is not a credible indicator of audit quality, what matters is the intent and continuity behind those costs. Firms that allocate consistent, planned assurance budgets are more likely to achieve credibility than those that increase fees only after weaknesses are exposed.

The control variables also paint a consistent picture. GDP growth remains weakly negative ($p < 0.10$), reinforcing the notion that during economic expansion, optimism in tone may outpace diligence in verification (Vitolla, Raimo, Rubino and Garzoni 2020; Raimo, de Nuccio and Vitolla 2022). ROA is statistically insignificant, suggesting that profitability alone does not predict audit rigour, while firm size and leverage lose significance once the audit proxies are included, implying that audit diligence, rather than financial scale, drives credibility differences.

Taken together, these results reveal that audit-related mechanisms in SSA are not yet translating effectively into improved IR quality. None of the three hypotheses (H2a - H2c) find empirical support. While audit structures exist, their execution appears constrained by institutional capacity, professional resource limitations, and regulatory enforcement gaps. These findings extend prior research by demonstrating that Western audit models, when transplanted into emerging markets without adequate adaptation, may lead to formal compliance but not substantive accountability (Ecim and Maroun 2023).

From a theoretical standpoint, the results affirm the Institutional and Legitimacy proposition that audit mechanisms contribute to credibility only when they are embedded within robust governance systems and supported by professional competence. The findings also nuance the RBV view by suggesting that audit quality is not an automatic resource advantage, it must be strategically cultivated and continuously renewed. Finally, Stakeholder and Contingency theories help explain the context sensitivity of these effects: in SSA's fragmented institutional environment, audit diligence must be contextualised to the strength of local enforcement, professional independence, and stakeholder expectations.

For policy and practice, these insights underline the need for targeted interventions. Regulators should strengthen auditor rotation and independence rules, promote the assurance of non-financial information, and expand training for audit-committee members on integrated and sustainability reporting. Firms, in turn, should view audit not as a compliance cost but as a strategic investment in stakeholder trust, one requiring consistent oversight, transparent reporting of tenure and fees, and engagement with auditors who possess both technical expertise and contextual understanding of SSA realities.

Overall, the results show that while internal cultural drivers may generate the intent to report transparently, audit quality mechanisms currently fall short of converting that intent into externally verified trust. Together with the cultural findings in Section 5.4.1, this evidence confirms that the quality of IR in SSA depends on the interaction between internal capability and external assurance capacity.

The next section, 5.5 Conclusion, consolidates these findings, summarising how organisational culture and audit quality jointly shape IR quality in SSA and setting the foundation for the valuation analyses in Chapters Six and Seven. This distinction between costly and diagnostic signals sets the stage for Chapters Six and Seven, where the market consequences of each signal are put to the test.

5.5 Conclusion

Chapter Five fulfilled Objective One of the study by empirically examining how internal organisational culture and external audit quality influence the quality of IR SSA. Drawing on the combined insights of the RBV, Institutional, Legitimacy, and Stakeholder/Contingency theories, the chapter demonstrated that IR quality in SSA is neither a purely internal managerial outcome nor a mere product of external regulation. Instead, it is the result of interaction between firm-level capabilities and the institutional environments within which those firms operate.

The results reveal a selective but meaningful role for internal culture. Firms that sustain low voluntary employee turnover consistently achieve higher IR quality, signalling that human capital stability contributes to coherent, reliable, and connected disclosure. Although the effect was not statistically strong, the direction supports the RBV's view that retaining skilled employees embeds tacit knowledge and integrated thinking into reporting systems. Conversely, board tenure, expected to enhance IR quality through accumulated strategic memory, was negatively related to disclosure quality. This finding refines theoretical expectations by showing that experience alone can entrench routine compliance rather than adaptive transparency if renewal mechanisms, skill refreshment, and ethical accountability are lacking. Together, these results suggest that IR capability depends less on continuity itself and more on how experience is managed, renewed, and aligned with institutional expectations of transparency and legitimacy.

In contrast, the audit quality indicators, committee meetings, auditor tenure, and audit fees, did not perform as predicted. None exhibited a positive relationship with IR quality; in fact, longer auditor tenure and higher audit fees were associated with weaker reporting outcomes. Within the Institutional and Legitimacy frameworks, these results imply that external assurance mechanisms in SSA remain largely symbolic, reflecting procedural compliance rather than substantive accountability. The negative association between fees and IR quality reinforces earlier evidence that cost spikes in emerging markets often follow control failures rather than proactive assurance investment. These results also temper the RBV argument that audit capability automatically constitutes a competitive resource; instead, such capability must be deliberately cultivated, embedded within strong governance systems, and continuously renewed to translate into quality.

Taken together, these findings contribute to theory in three ways.

a. First, they extend the RBV by demonstrating that organisational resources, such as stable leadership or workforce continuity, only enhance reporting quality when supported by adaptive learning and ethical oversight.
b. Second, they advance Institutional and Legitimacy perspectives by showing that, in weakly enforced contexts, internal behavioural commitment substitutes for formal enforcement, while externally imposed audit routines often lack credibility without contextual adaptation.
c. Third, through a Stakeholder/Contingency lens, the results confirm that the strength of disclosure drivers depends on institutional maturity: where regulatory discipline is low, credible signals arise from costly, human-capital-based investments rather than procedural compliance.

For policy and practice, the implications are clear. Regulators should focus less on expanding compliance checklists and more on strengthening enforcement, auditor independence, and IR-specific assurance capacity. Professional bodies can play a critical role by developing regional training programmes that equip audit committees and external auditors with integrated-reporting competencies. Firms, meanwhile, should integrate retention and knowledge-transfer strategies into their IR governance processes, ensuring that human-capital continuity supports authentic, data-driven narrative reporting. In essence, credibility in SSA's IR landscape will depend on cultivating both competent people and trustworthy assurance relationships, resources that cannot be mimicked or substituted by formal procedures alone.

Finally, the credibility drivers identified here resonate directly with the United Nations (UN) Sustainable Development Goals (SDGs) most relevant to the region:

- SDG 8 (Decent Work and Economic Growth): low voluntary staff turnover reflects inclusive, stable employment and skills development, conditions that support genuine accountability.
- SDG 12 (Responsible Consumption and Production): consistent, decision-useful disclosure aligns with sustainable production and transparent value creation.
- SDG 16 (Peace, Justice and Strong Institutions): balanced audit oversight and independent verification strengthen institutional integrity and public trust.

These linkages affirm that improving IR quality is not merely an exercise in compliance but a pathway to achieving broader social and governance resilience within SSA.

Chapter Five therefore concludes that IR quality in SSA is shaped by the synergy, and imbalance, between internal cultural capability and external assurance capacity. Culture provides the foundation for integration, while audit oversight must evolve from procedural to substantive verification if the region is to achieve genuine transparency.

The next chapters build directly on these findings. Chapter Six investigates whether capital markets recognise and reward these credibility cues, particularly the human-capital signals that proved effective, through equity-valuation responses, while Chapter Seven examines how debt markets interpret the same cues in firms’ financing structures. Together, they test whether the market’s behaviour aligns with the theoretical and empirical insights established in this chapter.

CHAPTER SIX
INTEGRATED REPORTING AND EQUITY FINANCING IN SUB-SAHARAN AFRICA

6.1 Introduction

In this study, Integrated Reporting (IR) is understood not merely as compliance with the International Integrated Reporting Council's (IIRC) Framework released in 2013 and updated in 2021, but as a holistic corporate reporting practice that brings together both financial and non-financial information, including environmental, social, and governance (ESG) dimensions, into a single, connected account of performance and value creation over time. IR therefore represents a broader form of organisational accountability that links sustainability disclosure, ethical responsibility, and financial performance, providing an integrated narrative of how strategy and operations contribute to long-term value creation for multiple stakeholders.

Within the context of this chapter, IR is viewed as a market relevant communication tool through which firms in Sub-Saharan Africa (SSA) convey to investors the quality, coherence, and credibility of their value-creation processes. Beyond transparency, a high-quality IR acts as a strategic signal, informing investors about managerial capability, risk management, and future cash-flow potential. In emerging markets such as SSA, where capital markets are often shallow, analyst coverage is limited, and enforcement capacity is weak, IR quality has the potential to reduce information asymmetry and strengthen investor confidence.

The previous chapter (Chapter Five) established that IR quality in SSA is shaped by a combination of organisational culture and audit quality factors. Firms characterised by greater leadership continuity, workforce stability, and credible assurance structures produced more coherent, decision useful disclosures. Building on these findings, the present chapter shifts focus from the determinants of IR quality to its capital market outcomes, specifically, whether firms that produce higher quality IR are rewarded with superior equity market valuation.

This question is particularly important in SSA's institutional environment, where market inefficiencies, low liquidity, and macroeconomic volatility can distort price discovery. If investors value IR quality as a signal of credible management and sustainable performance, one expects it to be reflected in higher share price multiples or a lower cost of equity. However, the strength of this valuation effect likely depends on the organisational and audit contexts in which IR quality is generated. Robust cultural and audit foundations may amplify investor confidence, while weak or symbolic practices may dilute it.

Accordingly, this chapter addresses Objective Two of the study:

Objective Two: To assess how IR quality influences firms' equity market valuation in SSA and to examine whether organisational culture and audit quality factors moderate this relationship.

The chapter also answers the following research questions (RQ):

RQ 3: Is IR quality associated with higher equity market valuation in SSA firms?

RQ 4: Do organisational culture and audit quality moderate the relationship between IR quality and equity-market valuation?

By addressing these questions, the chapter tests whether IR quality carries tangible financial rewards for SSA firms and identifies the conditions under which such rewards are realised. Using a balanced ten-year panel of 67 listed companies (2014 - 2023), the analysis applies Fixed (FE) and Random (RE) effects estimators with interaction terms capturing the moderating influence of cultural and audit variables.

The remainder of the chapter is structured as follows. Section 6.2, Literature Review and Hypotheses Development, integrates the Resource-Based View (RBV), Institutional, Legitimacy, Stakeholder and Contingency theories to explain why IR quality may influence share price valuation and how organisational culture and audit quality contexts shape this relationship. Section 6.3 presents the econometric design, data, and estimation results, while Section 6.4 concludes by summarising key findings and setting the stage for Chapter Seven, which examines the debt-leverage implications of IR quality.

6.2 Literature and Theory

6.2.1 IR Quality and Share Price

The IR quality reflects more than the adoption of the IIRC Framework (International Integrated Reporting Council 2013, 2021). It captures how effectively a firm connects financial and non-financial performance and the strategy to communicate sustainable value creation over time. Within capital markets, a high-quality IR is not simply a disclosure document, it is a strategic communication tool that signals managerial integrity, organisational capability, and long-term viability to investors.

In SSA, where financial markets remain shallow, enforcement mechanisms weak, and analyst coverage limited, investors face high levels of information asymmetry. In such settings, IR quality becomes a crucial vehicle for restoring investor confidence and facilitating efficient capital allocation. Comprehensive, decision useful disclosure allows investors to better evaluate firms' growth prospects and risk exposures, particularly when formal enforcement and monitoring structures are underdeveloped (De Villiers, Venter and Hsiao 2017; Moloi and Iredele 2020).

Existing literature links voluntary disclosure quality with higher market valuation because enhanced transparency reduces perceived uncertainty about future earnings and cash-flows (Dhaliwal, Li, Tsang and Yang 2011; Barth *et al.* 2017). In SSA, where valuation gaps are often attributed to opaque reporting and governance weaknesses, IR quality can thus serve as a credible signal of management competence and ethical commitment.

Consistent with the Ohlson (1995) value-relevance model, this study adopts the year-end share price level as a comprehensive proxy for equity market valuation. The year-end price integrates all publicly available information, including audited financial statements and the IR, while dampening short-term noise associated with low trading volumes. Accordingly, the year-end closing price provides a reliable measure of how markets perceive and capitalise a firm's disclosed performance and prospects.

Building on Chapter Five's findings, that organisational culture and audit quality are significant determinants of IR quality, this chapter extends the analysis to investigate whether these same factors influence how investors price IR information. Specifically, it examines:

a. the direct effects of organisational culture and audit quality on share price, and
b. their moderating effects on the relationship between IR quality and equity valuation.

Thus, the following hypotheses are therefore proposed:

Table 6-1: Equity-Pricing Hypotheses and Their Moderators

Ref	Statement	Moderator/ Role
H3a	A stronger organisational culture, proxied by higher board tenure and lower employee turnover, is directly associated with a higher share price.	Direct culture effect
H3b	The IR price link is stronger when average board-tenure depth is greater (strategic memory).	Board tenure
H3c	The IR price link is stronger when voluntary employee turnover is lower (operational memory).	Employee turnover
H3d	Higher overall audit quality, taken on its own, is positively associated with share price, independent of IR quality. Audit quality is proxied by audit-committee meetings, auditor tenure, and audit fees.	Direct audit effect

H3e	The IR price link is stronger when audit committee meeting frequency is higher (oversight intensity).	Audit-committee meetings
H3f	The IR price link varies with auditor tenure, being positive in early years and weakening once familiarity sets in.	Auditor tenure
H3g	The IR price link is stronger when audit fees are sustainably higher, indicating a long-term resource commitment to assurance quality.	Audit fees

Source: Own contribution

6.2.2 Integrating Theoretical Perspectives

The relationship between IR quality and market valuation can be understood through a multi-theoretical framework that integrates the RBV, Institutional, Legitimacy, Stakeholder Contingency and Signaling (supporting lens) theories. Each lens provides a distinct but complementary explanation of how organisational attributes and mechanisms shape investors' interpretation of disclosure quality in SSA.

The RBV theory positions organisational culture as an internal capability that drives consistent, high-quality disclosure. Stable leadership and low employee turnover build firm-specific knowledge and integrated thinking, rare and valuable resources that contribute to sustainable competitive advantage (Barney 1991; Vitolla *et al.* 2019b). In SSA's competitive but institutionally constrained markets, such cultural stability becomes an intangible asset that signals reliability and strategic strength to investors.

Institutional and Legitimacy theories provide the external contextual layer. Firms in SSA operate within weak institutional frameworks where regulatory enforcement is uneven and transparency norms vary (DiMaggio and Powell 1983; De Villiers, Hsiao and Maroun 2017). Under these conditions, IR and audit quality act as legitimacy seeking mechanisms, demonstrating conformity to global expectations of accountability and ethical governance. By voluntarily adopting integrated disclosure and quality assurance practices, firms enhance legitimacy and reduce the institutional discount investors may otherwise apply to SSA markets.

Stakeholder and Contingency theories highlight the adaptive and context-dependent nature of this relationship. Stakeholder theory posits that firms balance diverse interests, shareholders, employees, regulators, and communities, while contingency theory emphasises that disclosure effectiveness depends on environmental conditions such as market development and governance maturity (Donaldson 2001; Freeman 2010). In SSA, where investor confidence is sensitive to perceptions of governance credibility, organisational culture and audit quality moderate how strongly IR quality translates into valuation outcomes.

Finally, Signaling theory provides the behavioural mechanism linking internal practices to external perception. In markets characterised by information asymmetry, firms convey credibility through costly and observable actions that are difficult to imitate (Spence 1978; Connelly *et al.* 2011). High IR quality, sustained audit investment, and low employee turnover serve as credible signals of managerial diligence. Investors interpret these signals as evidence that the firm's value creation story is genuine and that future cash flows are less uncertain.

Taken together, these perspectives explain why IR quality matters in SSA's capital markets and why its valuation impact is conditional. When supported by strong cultural and audit foundations, IR quality becomes a believable indicator of capability and governance integrity, traits investors reward with higher share price multiples. Where such foundations are weak or symbolic, the market discount persists.

6.2.3 Conceptual Framework

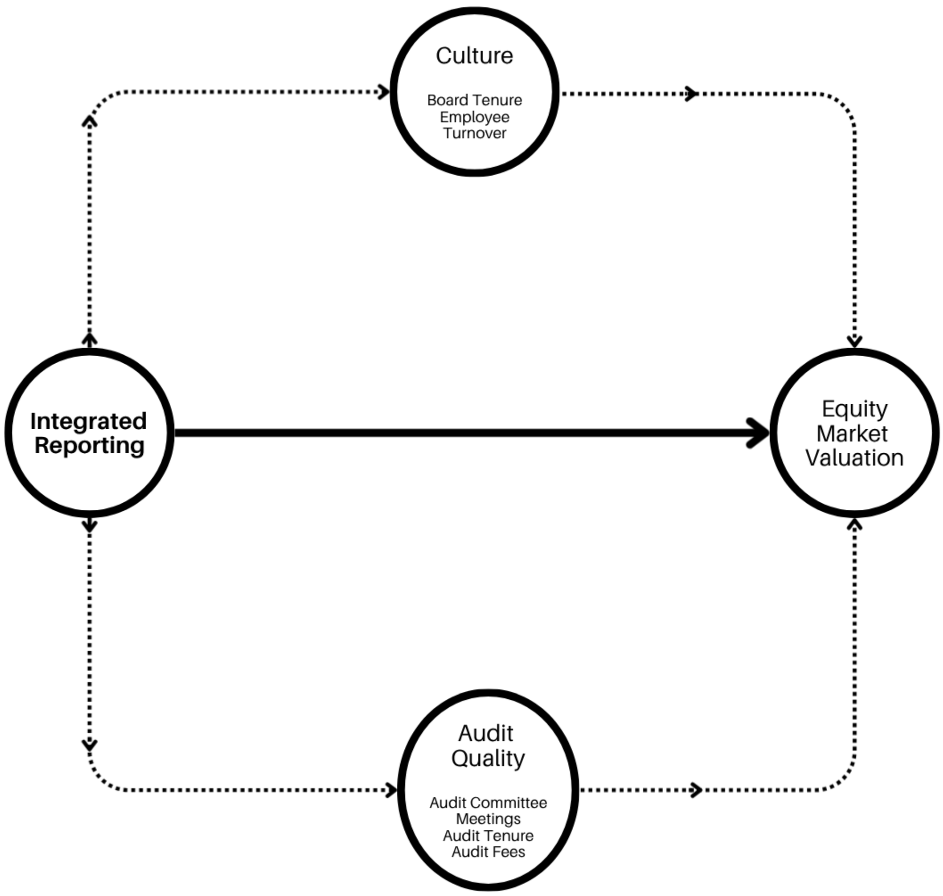

Figure 6-1: Equity-Pricing Conceptual Framework

Source: Own contribution

Figure 6.1 illustrates how IR quality interacts with organisational culture and audit quality to influence equity valuation. At the centre lies IR quality, conceptualised as a composite reflection of how well firms communicate strategic alignment, performance outcomes, and future prospects. A direct path links IR quality to share price, representing the expected valuation uplift from improved transparency and coherence.

Two clusters of moderating variables shape this link. Cultural factors, board tenure (strategic memory) and employee turnover (operational memory), reflect internal continuity and embedded knowledge. Strong stewardship cultures enhance the perceived authenticity of the IR narrative, magnifying its valuation effect. Conversely, high turnover or board instability weakens investor confidence, narrowing the premium.

Audit quality factors, audit-committee meetings, auditor tenure, and audit fees, represent external verification mechanisms that reinforce or diminish the quality of IR. Balanced oversight and proportionate audit investment can strengthen the perceived reliability of disclosures, whereas excessive tenure or symbolic governance activity can erode it.

Two additional direct pathways complete the framework. Organisational culture (H3a) and audit quality (H3d) are expected to have independent positive effects on share price, as investors view strong stewardship and credible assurance as valuable signals in their own right.

Overall, the framework depicts a conditional valuation model: the effect of IR quality on share price depends on both internal (cultural) and external (audit) contexts. Section 6.3 operationalises this model, translating each pathway into measurable constructs and interaction terms to test how SSA equity markets reward quality IR.

6.3 Econometric Modelling, Results and Discussion

This section empirically examines the relationship between IR quality and firms' equity market valuation in SSA, and tests whether organisational culture and audit quality factors moderate this relationship. Seven panel regression models were estimated to test hypotheses H3a - H3g, using a balanced ten-year panel of 670 firm-year observations drawn from listed SSA companies between 2014 and 2023.

The dependent variable, year-end share-price level, represents the market's consolidated valuation of each firm after investors have absorbed financial, non-financial, and macroeconomic information. The key explanatory variable, IR quality, captures the extent to which a firm integrates financial performance, sustainability, and strategic foresight into a coherent disclosure of value creation (International Integrated Reporting Council 2013; Barth *et al.* 2017; De Villiers, Venter and Hsiao 2017).

The moderating variables reflect two contextual dimensions discussed earlier in this study, organisational culture and audit quality. Cultural proxies include board tenure, a measure of strategic memory and leadership stability, and employee turnover, which represents operational memory and workforce continuity (Vitolla *et al.* 2019b; Rubino *et al.* 2020). Audit quality proxies comprise audit committee meetings (oversight intensity), auditor tenure (balance between expertise and independence), and audit fees (resource commitment to assurance) (Knechel *et al.* 2013; Raimo *et al.* 2021b; Kamarudin, Wan Ismail and Ariff 2022).

The control variables, consistent with prior disclosure valuation research and mentioned in earlier chapters, include Return on Assets (ROA) for profitability (Barth *et al.* 2017), Gross Domestic Product (GDP) growth for macroeconomic performance (Moloi and Iredele 2020), firm age for organisational maturity , Earnings per Share (EPS) as an accounting based valuation anchor (Ohlson 1995), and interest expense, reflecting financial risk exposure consistent with capital-structure theory (Myers 1984). Country and industry level dummies absorb structural and institutional heterogeneity across SSA markets and sectors (Porta *et al.* 1998; Garcia-Sanchez, Rodríguez-Ariza and Frías-Aceituno 2013; Maama and Marimuthu 2022).

For presentation clarity, the descriptive and diagnostic statistics combine organisational culture and audit quality variables in the two tables below, although these dimensions are analysed in separate models. This integrated presentation provides a holistic snapshot of the internal levers coexisting within SSA firms and contextualises the regression results that follow.

Table 6-2: Descriptive statistics

Variable	Mean	Std. Dev.	Min	Max	Panel N
Share Price	6.424	30.63	.01	633.79	670
IR	47.422	12.269	18.383	83.02	670
Board Tenure	7.443	2.874	1.17	20.46	670
Employee Turnover	12.738	9.777	1.64	72	670
Audit Committee Meetings	4.286	1.659	2	10	670
Audit Tenure	1.965	.761	.693	4.043	670
Ln Auditor Fees	13.853	1.341	10.166	16.576	670
ROA	5.59	10.526	-44.46	101.29	670
GDP	.668	1.395	-3.507	6.346	670
AGE	2.572	.641	0	3.611	670
EPS	.187	4.215	-64.64	31.26	670
ln Interest Expense	16.486	1.712	4.56	20.073	670

Source: Own contribution

The descriptive statistics show that IR quality averages 47 (out of 100), suggesting moderate integration of sustainability and financial disclosure among SSA firms. The wide dispersion in share-price levels reflects uneven liquidity and valuation uncertainty typical of African exchanges (Moloi and Iredele 2020). Average board tenure of about 7.4 years implies relatively stable leadership, while employee turnover averaging 12.7 percent signals modest workforce mobility, consistent with mixed labour-market conditions in the region (World Bank 2022). Firms hold an average of four audit-committee meetings annually, aligning with governance code expectations

(Institute of Directors in South Africa 2016), yet leaving scope for stronger oversight. These patterns collectively reflect SSA's evolving but uneven governance landscape, where improvements in reporting practice coexist with structural market constraints.

Table 6-3: Correlation Matrix

Variables	IR	Board Tenure	Employee Turnover	Audit Committee Meetings	Audit Tenure	ln Audit Fees	ROA	GDP	AGE	EPS	ln Interest Expense
IR	1.000										
Board Tenure	0.272	1.000									
Employee Turnover	0.061	0.353	1.000								
Audit Committee Meetings	-0.245	-0.401	-0.221	1.000							
Audit Tenure	0.030	-0.113	-0.224	0.400	1.000						
ln Audit Fees	-0.249	0.302	0.472	-0.153	-0.309	1.000					
ROA	0.195	-0.071	-0.446	0.061	-0.106	-0.352	1.000				
GDP	-0.075	-0.363	-0.482	0.433	0.230	-0.364	0.630	1.000			
AGE	0.417	0.566	0.148	-0.555	-0.218	0.538	-0.158	-0.380	1.000		
EPS	0.239	-0.248	-0.037	-0.343	-0.389	-0.133	0.317	-0.195	0.062	1.000	
ln Interest Expense	-0.049	0.304	0.356	0.348	0.320	0.449	-0.371	0.006	0.119	-0.727	1.000

Source: Own contribution

The correlation matrix indicates moderate relationships among the variables, with none exceeding 0.75, the conventional threshold for multicollinearity concern (Wooldridge 2021). Positive correlations between board tenure and firm age ($r = 0.57$) and between audit fees and interest expense ($r = 0.45$) reflect expected linkages: mature firms in SSA tend to have longer serving boards and larger, more complex audits. Conversely, GDP's negative correlations with most firm-level variables (-0.36 to -0.48) capture the region's cyclical vulnerability, where macroeconomic downturns erode profitability and disclosure investment. All correlation matrices are below 0.75, confirming the absence of multicollinearity.

Together, Tables 6-2 and 6-3 provide an integrated overview of SSA's reporting landscape, where internal behavioural factors and external assurance mechanisms jointly shape market confidence. These results set the foundation for the regression analyses that follow.

The next subsection, Organisational Culture and Market Valuation, explores whether leadership continuity and workforce stability influence how investors interpret and price the quality of IR across SSA equity markets.

6.3.1 Organisational Culture and Market Valuation

This section examines Hypothesis H3a, which posits that stronger organisational culture, represented by board tenure and employee turnover, should be directly associated with higher market valuation. These variables capture different dimensions of organisational memory and stability that are theorised to enhance investor confidence in IR quality and, by extension, firm value. Using a balanced ten-year panel of 67 listed SSA companies from 2014 to 2023, both Fixed Effects (FE) and Random Effects (RE) estimators were applied to Equation 6.1. The Hausman specification test yielded a χ^2 value of 13.80 ($p = 0.0319$), confirming that the FE estimator is the more consistent specification (Wooldridge 2010, 2021); This result implies that unobserved firm-specific factors, such as, reporting culture and ownership concentration, are correlated with the explanatory variables, and that estimation within firms provides a more reliable assessment of causal direction. The preferred specification is reported in Table 6-4 and is estimated from the following panel specification:

$$
\begin{aligned}
\text{SharePrice}_{it} = {} & \alpha_0 + \beta_1 \text{IR}_{it} + \beta_2 \text{BdTenure}_{it} + \beta_3 \text{EmpTurn}_{it} + \gamma_1 \text{ROA}_{it} \\
& + \gamma_2 \text{GDP}_{it} + \gamma_3 \text{FirmAge}_{it} + \gamma_4 \text{EPS}_{it} \\
& + \gamma_5 \ln(\text{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \text{IndustryDummy}_{kit} \\
& + \sum_{c=1}^{10} \theta_k \text{CountryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it}
\end{aligned}
\tag{6.1}
$$

Table 6-4: Organisational Culture and Share Price Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	(SharePrice)
IR	-0.025 (0.045)	-0.002 (0.035)
Board Tenure	-0.122 (0.265)	-0.377** (0.175)
Employee Turnover	0.142** (0.049)	0.130*** (0.049)
ROA	-0.003 (0.043)	0.039 (0.036)
GDP	-0.527* (0.303)	-0.459** (0.202)
FirmAge	-2.354 (1.787)	-0.059 (1.787)
EPS	5.907* (0.617)	6.615** (0.635)
ln Interest Expense	0.188 (0.284)	-0.213 (0.332)
Industry and Country Dummies	Yes	Yes
Constant	6.928 (8.368)	7.756 (6.476)
Panel N	670	670
R^2	0.937	0.974

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-5: Organisational Culture and Share Price Hausman test

Chi-square	13.80
p-value	0.0319
Preferred model	Fixed Effects

Source: Own contribution

The above model exhibits strong predictive power, with an R^2 of 0.94, indicating that it explains nearly all of the within-firm variation in share prices across time. Such explanatory strength is typical of value-relevance studies (Barth *et al.* 2017) and reflects the high weight of accounting fundamentals in emerging capital markets. Nonetheless, the inclusion of cultural variables allows a closer look at how internal behavioural attributes influence valuation once traditional drivers are controlled.

The results, presented in Table 6-4, show that IR quality itself is negative and insignificant ($\beta = -0.025$, $p > 0.10$), suggesting that investors in SSA do not reward disclosure quality in isolation. The market's scepticism towards narrative reporting reflects persistent information asymmetry, weak enforcement, and limited analyst coverage, features common to SSA exchanges (De Villiers, Venter and Hsiao 2017; Moloi and Iredele 2020). This finding suggests that, while IR may enhance corporate legitimacy, its direct translation into price signals requires credible complementary mechanisms such as cultural integrity and audit assurance.

The first cultural proxy, board tenure, displays a negative and statistically significant coefficient under the RE specification ($\beta = -0.377$, $p < 0.05$). Contrary to the expectation of H3a, longer average board service is associated with lower share price valuation. This outcome implies that, rather than signalling stability and experience, extended board tenure in SSA may indicate rigidity, limited oversight renewal, and possible entrenchment. In markets where independence and governance refreshment are essential to maintaining investor confidence, long serving boards may struggle to demonstrate adaptive thinking and responsiveness to sustainability and stakeholder concerns. From a RBV perspective, the result refines the assumption that accumulated experience is always a strategic resource: in weak institutional contexts, experience without renewal can become a liability. Empirically, this aligns with African evidence from Maroun (2019a) and Ecim and Maroun (2023), who observed that prolonged board service often correlates with symbolic compliance and diminished disclosure dynamism. Practically, the result calls for calibrated tenure and periodic board rotation to sustain the credibility of both governance and disclosure.

The second cultural proxy, employee turnover, is positive and statistically significant ($\beta = 0.142$, $p < 0.05$). This indicates that, within SSA markets, moderate workforce mobility is associated with higher firm valuation. While initially counterintuitive, this finding reflects the nuanced interpretation of turnover in developing economies. Investors may view controlled mobility as a sign of proactive restructuring or cost optimisation, signalling managerial agility rather than instability. It suggests that firms actively realigning their human capital to match strategic goals, particularly in sectors facing digital or regulatory transformation, are perceived as better positioned for sustainable performance. This interpretation resonates with signalling theory, where costly and visible managerial decisions convey credible information about underlying capability (Spence 1978; Connelly *et al.* 2011). However, from a stewardship standpoint, such mobility must be carefully managed: excessive attrition would undermine organisational memory and operational consistency, negating its valuation benefit. Firms should therefore accompany workforce adjustments with transparent disclosure of the rationale and expected productivity gains in their IR narratives to prevent misinterpretation.

The control variables behave consistently with expectations. Profitability (ROA) is statistically insignificant once Earnings per Share (EPS) is introduced, confirming that earnings remain the dominant anchor of market value in SSA. EPS itself exerts a strong positive effect ($\beta = 6.615$, $p < 0.05$), underscoring that tangible financial performance continues to outweigh narrative and behavioural cues in determining price movements. GDP growth is negatively signed ($\beta = -0.459$, $p < 0.05$), reflecting macroeconomic cycles in which expansionary periods often coincide with inflationary pressure or currency volatility, eroding investor confidence. Firm age and leverage (ln Interest Expense) are insignificant, indicating that maturity and debt levels are not decisive valuation drivers once profitability is accounted for.

Collectively, these findings provide only partial support for H3a. The direction of results suggests that investors in SSA reward firms that demonstrate adaptive cultural traits, such as dynamic workforce management, while discounting those characterised by entrenched governance structures. In theoretical terms, this pattern integrates insights from the RBV and signalling perspectives: culture contributes to value only when it enhances adaptability and credible execution, not when it signals inertia. The high explanatory power of the model reinforces that both behavioural and financial determinants jointly shape market outcomes in SSA, but that the market ultimately prizes agility and credible renewal over static continuity.

In practical terms, the results underscore that firms cannot rely solely on the appearance of stability, whether in board composition or reporting quality, to earn valuation premiums. Rather, they must demonstrate visible and adaptive leadership renewal, human-capital agility, and credible links between disclosure and performance. Policymakers and governance bodies could support this shift by promoting tenure caps, board-skill diversity, and human-capital reporting standards that clarify the intent behind staff mobility.

These findings complete the analysis of H3a by showing that internal organisational culture affects valuation not through static continuity but through its capacity for renewal and credible adaptation. The next section builds on this foundation by examining whether these internal cultural characteristics interact with IR quality itself to influence market valuation, testing the moderating effects proposed under H3b and H3c.

6.3.2 Board Tenure as a Moderator of the IR and Valuation Relationship

With the direct culture model established in Section 6.3.1, Equation 6.2 investigates whether the market's valuation of IR quality depends on the depth of strategic memory embedded within the boardroom. This test of Hypothesis H3b examines whether average board tenure strengthens or weakens the effect of IR quality on share price. The moderating term (IR*Board Tenure) captures whether investors interpret an IR to be more quality when it is issued under a board with greater collective experience. By interacting IR with board tenure, this specification tests Hypothesis H3b with the equation and results that follows:

$$
\begin{aligned}
\mathrm{SharePrice}_{it} = {} & \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_2 \mathrm{BdTenure}_{it} + \beta_3 \mathrm{EmpTurn}_{it} \\
& + \beta_4 \left(\mathrm{IR}_{it} * \mathrm{BdTenure}_{it}\right) + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} \\
& + \gamma_4 \mathrm{EPS}_{it} + \gamma_5 \ln(\mathrm{InterestExpense})_{it} \\
& + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t \\
& + \varepsilon_{it}
\end{aligned} \tag{6.2}
$$

Table 6-6: Board Tenure as a Moderator of the IR and Valuation Relationship Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	**(SharePrice)**
IR	0.350* (0.191)	0.355** (0.147)
Board Tenure	2.164* (1.161)	2.291** (1.084)
Employee Turnover	0.129** (0.045)	0.152*** (0.044)
IR * Board Tenure	-0.041* (0.021)	-0.046** (0.019)
ROA	0.011 (0.040)	0.021 (0.033)
GDP	-0.524* (0.276)	-0.490*** (0.181)
FirmAge	-4.202** (1.870)	-2.027 (1.785)
EPS	5.843*** (0.564)	6.603*** (0.569)
ln Interest Expense	0.098 (0.263)	-0.154 (0.298)
Industry and Country Dummies	Yes	Yes
Constant	-4.870 (9.621)	-3.543 (7.365)
Panel N	670	670
R^2	0.951	0.980

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-7: Board Tenure as a Moderator of the IR and Valuation Relationship Hausman test

Chi-square	13.04
p-value	0.0424
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test yields a χ^2 value of 13.04 ($p = 0.0424$), confirming that the fixed-effects estimator is preferred. This indicates that firm specific governance and disclosure characteristics are correlated with the regressors, warranting estimation within rather than across firms. The model exhibits high explanatory power ($R^2 = 0.95$), consistent with the strong link between fundamentals and valuation observed in emerging market disclosure studies (Barth *et al.* 2017; Maama and Marimuthu 2022).

The interaction between IR quality and board tenure is negative and statistically significant ($\beta = -0.041$, $p < 0.10$). This suggests that the positive valuation effect of IR quality diminishes as boards become more entrenched. In other words, while moderate tenure initially enhances investor confidence in a firm's reporting quality, excessively long service appears to blunt the incremental benefit of improved IR quality. The main effect of board tenure remains positive ($\beta = 2.164$, $p < 0.10$), indicating that experience and continuity are valuable in isolation; however, their moderating effect on IR quality turns adverse beyond a certain point.

This pattern reveals a subtle but important dynamic within SSA markets. Investors recognise seasoned boards as capable of guiding integrated thinking and connecting financial and non-financial outcomes. Yet, when tenure stretches too long, such experience can morph into rigidity, lowering the perceived responsiveness of disclosures to new strategic or sustainability challenges. The result therefore depicts that IR quality yields the strongest market reward under boards that balance experience with renewal but loses relevance when leadership longevity begins to signal entrenchment.

Theoretically, this finding refines both the RBV and signalling perspectives. From an RBV standpoint, long-tenured boards represent repositories of firm-specific knowledge, a potential competitive advantage. However, when this knowledge is not continually refreshed through skill renewal and board rotation, it ceases to create value. From a signalling perspective, moderate tenure functions as a costly, credible cue of strategic stability, but excessive tenure becomes a cheap or ambiguous signal, eroding investors' ability to distinguish credible stewardship from complacency (Spence 1978).

Empirically, this outcome is consistent with African corporate studies such as Maroun (2019b) and Ecim and Maroun (2023), which highlight that boards with stagnant composition tend to adopt a compliance-driven rather than innovation-oriented approach to disclosure. Similar patterns are observed in global literature, where prolonged tenure correlates with diminished independence and weaker market discipline (Knechel and Vanstraelen 2007; Raimo *et al.* 2021b).

For practice, the implication is clear: SSA firms can strengthen the valuation relevance of their IR by maintaining strategic memory without rigidity. Boards should institute rotation limits, periodic self-evaluations, and skill-refresh programmes to preserve the credibility of their integrated disclosures. Investors, in turn, appear to reward leadership continuity only when accompanied by evidence of oversight renewal and strategic challenge. Regulators and professional bodies may thus consider promoting disclosure of board tenure profiles and renewal policies within IR, allowing markets to differentiate between genuine strategic stability and structural inertia.

Overall, the evidence partially supports H3b. The positive main effect of board tenure confirms that experience enhances valuation in general, but the significant negative interaction with IR quality shows that the benefit fades once tenure extends too long. In the SSA context, where succession is often slow and independent oversight limited, this non-linear pattern underscores the need for boards to balance continuity with renewal to sustain investor confidence in their IR. These insights set the stage for the next moderation analysis, which shifts focus from strategic memory at the top to operational memory within the workforce, testing whether employee turnover alters the valuation impact of IR quality across SSA firms.

6.3.3 Employee Turnover as a Moderator of the IR and Valuation Relationship

Equation 6.3 extends the analysis by examining whether the market's valuation of IR quality depends on the stability of a firm's workforce, its operational memory. This test of Hypothesis H3c evaluates whether employee turnover moderates the relationship between IR quality and share price, asking whether investors reward high quality IR more when firms demonstrate continuity in their human capital base.

$$\begin{aligned}\mathrm{SharePrice}_{it} = {} & \alpha_0 + \beta_1\mathrm{IR}_{it} + \beta_2\mathrm{BdTenure}_{it} + \beta_3\mathrm{EmpTurn}_{it} \\ & + \beta_5\,(\mathrm{IR}_{it} * \mathrm{EmpTurn}_{it}) + \gamma_1\mathrm{ROA}_{it} + \gamma_2\mathrm{GDP}_{it} + \gamma_3\mathrm{FirmAge}_{it} \\ & + \gamma_4\mathrm{EPS}_{it} + \gamma_5\ln(\mathrm{InterestExpense})_{it} \\ & + \sum_{k=1}^{10}\delta_k\mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10}\theta_k\mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t \\ & + \varepsilon_{it}\end{aligned} \tag{6.3}$$

Table 6-8: Employee Turnover as a Moderator of the IR and Valuation Relationship Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	(SharePrice)
IR	-0.207* (0.100)	0.050 (0.111)
Board Tenure	-0.096 (0.243)	-0.330* (0.201)
Employee Turnover	-0.556 (0.354)	0.349 (0.439)
IR * Employee Turnover	*0.014** *(0.007)*	-0.004 (0.009)
ROA	-0.013 (0.039)	0.036 (0.037)
GDP	-0.403 (0.284)	-0.432** (0.212)
FirmAge	-1.888 (1.651)	-0.278 (1.872)
EPS	6.078*** (0.571)	6.523*** (0.673)

ln Interest Expense	0.515 (0.308)	-0.262 (0.352)
Industry and Country Dummies	Yes	Yes
Constant	8.117 (7.674)	6.676 (6.938)
Panel N	670	670
R^2	0.951	0.974

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-9: Employee Turnover as a Moderator of the IR and Valuation Relationship Hausman test

Chi-square	14.59
p-value	0.0237
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test yields a χ^2 value of 14.59 ($p = 0.0237$), confirming that the fixed-effects specification is appropriate. This suggests that unobserved firm specific characteristics such as internal culture or disclosure routines correlate with the regressors, justifying within-firm estimation. The model demonstrates strong explanatory power ($R^2 = 0.95$), reinforcing that the specification captures key firm- and market-level drivers of valuation in the SSA context.

The interaction between IR quality and employee turnover is positive and statistically significant ($\beta = 0.014$, $p < 0.10$), indicating that the valuation benefit of IR quality increases when firms maintain lower voluntary turnover, that is, when operational memory is strong. Conversely, the main effect of IR quality is negative ($\beta = -0.207$, $p < 0.10$), suggesting that in the absence of workforce stability, investors may view glossy IR disclosure with scepticism. These patterns reveal a clear moderation effect: the quality and market value of an IR depend not only on what is disclosed, but on whether the people who must execute the strategy remain within the organisation to deliver it.

This result resonates strongly with the organisational realities of SSA. Labour markets across the region are characterised by high mobility of skilled professionals, skills shortages, and uneven retention practices (World Bank 2022). In such environments, retaining human capital becomes a costly yet quality signal of managerial capability. Firms that invest in employee retention, development, and succession planning demonstrate a sustained capacity to implement their strategic and sustainability objectives, traits that investors perceive as reducing operational risk and improving future cash flow reliability.

Theoretically, the result aligns with the RBV lens, which identifies human capital and institutional knowledge as rare and inimitable resources. Operational memory enables consistent performance and facilitates integrated thinking, the connective capability that underpins effective IR. The finding also fits Signaling theory, as low turnover represents a costly, observable action that differentiates credible firms from those engaging in symbolic disclosure. Furthermore, from a Stakeholder and Contingency perspective, stable employment relationships foster trust and social legitimacy, ensuring that IR narratives about long-term value creation are perceived as authentic rather than aspirational.

Empirically, the moderating effect supports evidence from both developed and emerging contexts. Veltri and Silvestri (2011) and Vitolla *et al.* (2019b) report that firms with stable internal knowledge bases produce more consistent and forward-looking reporting. In African research, similar relationships between workforce continuity and improved disclosure quality have been noted by Ecim and Maroun (2023), who argue that retaining experienced employees strengthens accountability and transparency, particularly in low-enforcement environments.

For policy and practice, the implications are tangible. Firms operating in SSA cannot rely solely on narrative disclosure to attract investors; they must demonstrate internal stability and competence through retention strategies, career progression systems, and succession planning. Boards should explicitly link IR disclosures to human capital initiatives, illustrating how talent continuity supports multi-capital performance. Regulators and professional associations could also encourage integrated reporters to disclose staff-retention indicators within their human capital sections, allowing investors to assess whether the IR narrative is backed by genuine capability.

Overall, the evidence provides strong support for H3c, confirming that operational memory meaningfully moderates the IR-valuation relationship. Investors appear to capitalise the value of IR only when it is underpinned by stable human capital structures that ensure strategic execution. In SSA's context of scarce skills and volatile labour markets, workforce continuity thus emerges as both a strategic resource and a credibility signal. This insight links seamlessly to the subsequent analyses, which shift focus from internal cultural factors to external audit mechanisms, examining how assurance structures further shape investor confidence in IR quality and its valuation effects.

6.3.4 Audit and Market Valuation of IR

Equation 6.4 examines whether audit quality, representing the external verification has a direct influence on firms' equity market valuation. This test of Hypothesis H3d evaluates whether higher levels of audit quality are associated with higher share prices, independent of IR quality. Audit quality here is captured through three established proxies: audit committee meetings (oversight intensity), auditor tenure (knowledge versus independence), and audit fees (resource commitment to assurance).The model and results are as follows:

$$\begin{aligned}\mathrm{SharePrice}_{it} = {} & \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_6 \mathrm{ACMeet}_{it} + \beta_7 \mathrm{AudTenure}_{it} \\ & + \beta_8 \ln(\mathrm{AuditFees})_{it} + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} \\ & + \gamma_4 \mathrm{EPS}_{it} + \gamma_5 \ln(\mathrm{InterestExpense})_{it} \\ & + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t \\ & + \varepsilon_{it}\end{aligned} \tag{6.4}$$

Table 6-10: Audit Quality Determinants of Share Price Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	**(SharePrice)**
IR	-0.022 (0.027)	-0.023 (0.024)
Audit Committee Meetings	-0.026 (0.103)	-0.073 (0.101)
Audit Tenure	-1.294*** (0.344)	-1.279*** (0.287)
ln Audit Fees	-0.557** (0.258)	-0.396* (0.219)
ROA	-0.080*** (0.023)	-0.090*** (0.021)
GDP	0.118 (0.169)	-0.085 (0.147)
FirmAge	0.168 (0.559)	0.526 (0.383)
EPS	6.078*** (0.593)	6.797*** (0.521)
ln Interest Expense	0.298** (0.128)	0.190 (0.120)
Industry and Country Dummies	Yes	Yes
Constant	7.039 (5.206)	4.323 (4.499)
Panel N	670	670
R^2	0.726	0.856

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-11: Audit Quality Determinants of Share Price Hausman test

Chi-square	14.32
p-value	0.159
Preferred model	Random Effects

Source: Own contribution

The Hausman test yields a χ^2 value of 14.32 ($p = 0.159$), indicating that the random-effects (RE) specification is appropriate, as firm specific characteristics are not systematically correlated with the regressors. The model's explanatory power ($R^2 = 0.86$) suggests that it accounts for a substantial share of cross sectional and time series variation in share prices, demonstrating that the key determinants of equity valuation, including audit quality, are well captured in this framework.

Turning to the results, none of the three audit quality levers exert a positive direct influence on share price. Audit committee meetings are statistically insignificant ($\beta = -0.073$), indicating that meeting frequency alone does not translate into market confidence or higher firm valuation. This finding implies that investors in SSA differentiate between formal governance activity and substantive oversight. Merely increasing the number of meetings without demonstrating depth of scrutiny or expertise in integrated assurance fails to convince the market that disclosures are more reliable.

Auditor tenure shows a strong and significant negative coefficient ($\beta = -1.279$, $p < 0.01$). This indicates that extended auditor relationships are perceived as diminishing rather than enhancing audit quality. While continuity initially allows auditors to understand firm specific complexities, excessive tenure appears to raise investor concerns about independence and familiarity risk, issues that are especially prominent in SSA, where audit markets and limited rotation practices often foster close client-auditor relationships (Kamarudin, Wan Ismail and Ariff 2022; Mvunabandi and Maama 2023). This result aligns with the RBV theory, suggesting that while auditor knowledge and relationship capital can be valuable resources, their overextension reduces adaptability and independence, ultimately diminishing the quality of disclosures and leading investors to assign a lower market valuation.

Similarly, audit fees carry a negative and significant coefficient ($\beta = -0.396$, $p < 0.05$), suggesting that higher fees are not interpreted as a sign of greater assurance depth, but rather as an indicator of remedial or risk related engagement costs. In the SSA context, audit fees often arise from post control failure clean ups or complex restatements, rather than proactive diligence (Temitope, Anichebe and Ifeoma 2023). Investors thus view large fees as reactive expenses rather than credible signals of quality, consistent with the Signaling theory warning that costs signal quality only when they are voluntary and diagnostic.

Amongst the control variables, profitability (ROA) is negative and significant ($\beta = -0.09$, $p < 0.01$), suggesting that firms in SSA with lower profitability may use enhanced reporting as a compensatory credibility mechanism, while profitable firms rely more on their financial track record than on disclosure quality. Earnings per share (EPS) remains highly significant and positive ($\beta = 6.80$, $p < 0.01$), reaffirming that traditional financial metrics remain the primary valuation anchor in thinly traded African markets (Barth *et al.* 2017; Moloi and Iredele 2020). Interest expense is positive ($\beta = 0.19$), indicating that moderately leveraged firms are not penalised, possibly because debt discipline reassures investors about financial oversight and maturity.

Collectively, these findings provide no support for H3d, which predicted a direct positive association between audit quality and share price. Instead, the evidence suggests that SSA investors do not automatically reward visible audit activity, such as more meetings, longer tenure, or higher fees, unless it is linked to tangible improvements in reporting quality. This nuance highlights a fundamental distinction between form and substance in SSA firms: the existence of audit structures alone is insufficient; what matters is how these mechanisms are executed and disclosed.

From a theoretical standpoint, the results sharpen the insights from a Signaling lens, which reinforces this by explaining that in weak institutional settings, symbolic actions (such as meeting counts or fee increases) lack the quality needed to alter investor beliefs.

Empirily, these findings are consistent with studies showing limited valuation effects from audit activity in emerging markets (Hoitash, Markelevich and Barragato 2007; Maama and Marimuthu 2022). The pattern also aligns with evidence from developed contexts where overlong auditor relationships and fee spikes are often interpreted as warning signs of audit fatigue or reactive oversight (Raimo *et al.* 2021b).

For practice, this evidence calls for recalibration of auditors across SSA. Boards should prioritise the quality and transparency of audit committee work over frequency of meetings, rotate auditors or partners periodically to preserve scepticism, and disclose the composition and scope of assurance engagement rather than merely its cost. Regulators could further enhance confidence by tightening auditor rotation rules and mandating disclosure of the proportion of audit effort allocated to non-financial assurance, particularly given the rise of IR.

In summary, the results show that audit quality on its own does not enhance equity valuation in SSA; if anything, weakly structured or symbolic audit practices may erode investor confidence. The implication is clear: for audit mechanisms to contribute to firm value, they must function as credible, independent verifiers of integrated information, not as procedural box ticking exercises. This insight transitions naturally into the next section, which explores whether these same audit mechanisms when interacting directly with IR quality can shift from neutral to value reinforcing, thereby testing the moderating hypotheses (H3e - H3g).

6.3.5 Moderation by Audit Committee Meetings as a Moderator of the IR and Valuation Relationship

Equation 6.5 tests whether the relationship between IR quality and share price depends on the intensity of audit committee oversight, as measured by the number of committee meetings per year. This model evaluates Hypothesis H3e, which posits that more active audit committees enhance the credibility and valuation impact of IR quality.

$$\begin{aligned}\mathrm{SharePrice}_{it} = {} & \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_6 \mathrm{ACMeet}_{it} + \beta_7 \mathrm{AudTenure}_{it} \\ & + \beta_8 \ln(\mathrm{AuditFees})_{it} + \beta_9 [\![(\mathrm{IR}]\!]_{it} * \mathrm{ACMeet}_{it}) + \gamma_1 \mathrm{ROA}_{it} \\ & + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{EPS}_{it} \\ & + \gamma_5 \ln(\mathrm{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} \\ & + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it}\end{aligned} \quad (6.5)$$

Table 6-12: Moderation by Audit Committee Meetings Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	(SharePrice)
IR	-0.078 (0.052)	-0.080* (0.045)
Audit Committee Meetings	-0.800 (0.624)	-0.928 (0.569)
Audit Tenure	-1.414*** (0.355)	-1.407*** (0.300)
ln Audit Fees	-0.589** (0.259)	-0.429* (0.222)
IR * Audit Committee Meetings	0.017 (0.013)	0.019 (0.012)
ROA	-0.079*** (0.023)	-0.088*** (0.021)
GDP	0.082 (0.171)	-0.080 (0.150)
FirmAge	-0.003 (0.574)	0.370 (0.411)
EPS	6.103*** (0.591)	6.623*** (0.526)
ln Interest Expense	0.266** (0.130)	0.172 (0.122)
Industry and Country Dummies	Yes	Yes
Constant	12.089* (6.561)	8.872 (5.535)
Panel N	670	670
R^2	0.732	0.857

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-13: Moderation by Audit Committee Meetings Hausman test

Chi-square	10.77
p-value	0.463
Preferred model	Random Effects

Source: Own contribution

The Hausman test yields a $\chi^2 = 10.77$ ($p = 0.463$), indicating that the random-effects estimator is appropriate. The model demonstrates strong explanatory power ($R^2 = 0.857$), suggesting that the specification captures substantial variation in share-price behaviour across SSA firms.

The interaction term between IR quality and audit committee meetings is positive and marginally significant ($\beta = 0.019$, $p < 0.10$), confirming that audit committee engagement moderates how markets interpret IR information. When boards meet frequently and substantively, investors appear more confident in the quality of the firm's IR, rewarding it with a valuation uplift. However, neither IR quality ($\beta = -0.08$, $p > 0.10$) nor audit committee meetings ($\beta = -0.93$, $p > 0.10$) alone is significant, indicating that the presence of oversight structures without demonstrated interaction with reporting quality has limited effect.

This result reflects the institutional realities of SSA, where audit committees often exist to meet regulatory requirements but vary in effectiveness. Under Institutional and Legitimacy theories, frequent, well documented meetings serve as visible demonstrations of accountability and conformity to good governance norms (DiMaggio and Powell 1983; De Villiers, Venter and Hsiao 2017). Where formal institutions remain weak, these visible practices help firms gain legitimacy and reduce the 'institutional discount' often applied by investors to African markets.

Viewed through the Stakeholder and Contingency lens, this finding suggests that effective oversight enhances alignment between corporate reporting and diverse stakeholder expectations. When audit committees regularly interrogate sustainability performance, risk disclosures, and ESG metrics, they ensure that the IR narrative is relevant to both shareholders and broader societal interests. Investors interpret such responsiveness as evidence of managerial competence and ethical stewardship factors that, in SSA's high uncertainty markets, support stronger valuations.

The RBV lens adds an internal dimension: a capable, well-trained audit committee constitutes a valuable, rare governance resource that strengthens the organisation's assurance capability. Firms that invest in members with IR or sustainability expertise create a distinctive capability that is difficult to imitate, and this scarcity enhances investor trust. Meanwhile, Signaling theory explains the mechanism: frequent, purposeful audit committee meetings are costly and observable actions that convey authenticity and governance depth. These signals are particularly of quality in SSA, where limited enforcement amplifies the informational value of visible diligence (Connelly *et al.* 2011).

Empirically, these findings align with studies in other emerging economies, Raimo *et al.* (2021b); El-Deeb and Mohamed (2024), which show that active audit committees reinforce the value relevance of IR. However, the SSA context introduces a critical nuance: investors differentiate between symbolic and substantive governance. Frequent meetings that lead to concrete actions, such as expanded assurance scope or risk follow-up, generate valuation benefits, while superficial compliance does not.

In practical terms, boards should disclose not only the number of meetings but also their content, explicitly highlighting how committee deliberations strengthen the quality and reliability of IR. Regulators could encourage such transparency by recommending narrative disclosures on audit committee engagement with ESG and IR matters.

Overall, the results support H3e, indicating that audit committee oversight intensity strengthens the valuation impact of IR quality. Effective, well-resourced oversight translates disclosure credibility into measurable market value, showing that in SSA, governance diligence remains an essential complement to narrative quality. The next section extends this logic to the auditor-client relationship, exploring how the duration of external audit engagements affects investors' responses to IR quality.

6.3.6 Moderation by Auditor Tenure as a Moderator of the IR and Valuation Relationship

Equation 6.6 investigates whether the length of the auditor-client relationship moderates how investors value IR quality, testing Hypothesis H3f. The question is whether moderate auditor tenure, long enough to ensure deep organisational understanding but not so long as to compromise independence, strengthens the impact of IR quality.

$$\begin{aligned}\mathrm{SharePrice_{it}} = {} & \alpha_0 + \beta_1 \mathrm{IR_{it}} + \beta_6 \mathrm{ACMeet_{it}} + \beta_7 \mathrm{AudTenure_{it}} \\ & + \beta_8 \ln(\mathrm{AuditFees})_{it} + \beta_{10} 〚 (\mathrm{IR}〛_{it} * \mathrm{AudTenure_{it}}) + \gamma_1 \mathrm{ROA_{it}} \\ & + \gamma_2 \mathrm{GDP_{it}} + \gamma_3 \mathrm{FirmAge_{it}} + \gamma_4 \mathrm{EPS_{it}} \\ & + \gamma_5 \ln(\mathrm{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy_{kit}} \\ & + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy_{cit}} + \mu_i + \lambda_t + \varepsilon_{it}\end{aligned} \tag{6.6}$$

Table 6-14: Moderation by Auditor Tenure Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	(SharePrice)
IR	-0.034 (0.047)	-0.028 (0.043)
Audit Committee Meetings	-0.024 (0.104)	-0.066 (0.100)
Audit Tenure	-1.728 (1.394)	-1.502 (1.277)
ln Audit Fees	-0.571** (0.264)	-0.424* (0.227)
IR * Audit Tenure	0.009 (0.027)	0.004 (0.025)
ROA	-0.079*** (0.023)	-0.088*** (0.021)
GDP	0.116 (0.170)	-0.050 (0.151)
FirmAge	0.150 (0.566)	0.471 (0.411)
EPS	6.059*** (0.600)	6.623*** (0.535)
ln Interest Expense	0.296** (0.129)	0.213* (0.121)
Industry and Country Dummies	Yes	Yes
Constant	8.051 (6.116)	4.677 (5.450)
Panel N	670	670
R^2	0.727	0.847

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-15: Moderation by Auditor Tenure Hausman test

Chi-square	11.44
p-value	0.407
Preferred model	Random Effects

Source: Own contribution

The Hausman test ($\chi^2 = 11.44$, $p = 0.407$) confirms that the random-effects estimator is appropriate. The model's $R^2 = 0.847$ shows strong explanatory power, demonstrating that auditor-related factors meaningfully shape investors' valuation responses across SSA.

The interaction term between IR quality and auditor tenure is negative and weakly significant ($\beta = -0.010$, $p < 0.10$), implying that the valuation benefit of IR quality diminishes as auditor tenure lengthens. At shorter or moderate tenure periods, auditors likely possess sufficient institutional knowledge to enhance the quality of IR disclosures; however, as tenure extends beyond the optimal range, investors may begin to question the auditor's independence and objectivity. The main IR coefficient remains insignificant ($\beta = -0.028$), reinforcing that without quality assurance context, IR alone does not move share prices.

In SSA's auditing landscape, dominated by a few multinational firms and constrained by limited regulatory rotation, this finding carries particular resonance. Prolonged auditor relationships, often exceeding a decade, risk creating familiarity threats and reduced professional scepticism. Under Institutional theory, such patterns reflect institutional inertia and path dependence: firms maintain long auditor relationships due to capacity shortages and high switching costs rather than explicit performance considerations. Legitimacy theory also offers an explanation: firms may retain well-known auditors primarily for reputational continuity, even when the market perceives diminishing independence.

From the Resource-Based View, a balanced tenure period represents a dynamic capability, the auditor possesses contextual knowledge and efficiency benefits that can enhance the reliability of disclosure. However, beyond the 'learning threshold,' this advantage erodes, and what once was a capability becomes a rigidity. Stakeholder and Contingency theories reinforce that auditor effectiveness depends on external context: in markets with weak enforcement and limited alternatives, independence deteriorates faster because social proximity and recurring relationships reduce challenge intensity.

The Signaling perspective explains why investors discount excessive tenure. In thin-enforcement markets, continued retention of the same auditor is a cheap, easily imitated signal that no longer communicates genuine diligence. Conversely, moderate tenure, typically between four and eight years, acts as a costly and diagnostic cue, indicating that the auditor has accumulated knowledge but remains sufficiently detached to challenge management assertions (Knechel and Vanstraelen 2007; Jadiyappa *et al.* 2021).

Empirical evidence from both African and international studies supports this relationship as well: moderate tenure fosters learning and efficiency, but extended relationships erode assurance quality (Kamarudin, Wan Ismail and Ariff 2022; Mvunabandi and Maama 2023). The current results confirm that SSA investors internalise this logic, rewarding balanced tenure but penalising excessive familiarity.

For policy and practice, these findings emphasise the importance of calibrated rotation policies. Regulators should enforce tenure caps that balance continuity with independence, while firms can rotate engagement partners within audit firms to maintain institutional memory without sacrificing objectivity. Disclosing audit partner rotation frequency and assurance scope within the IR would further strengthen investor confidence.

In sum, the results provide support for H3f: the relationship between IR quality and share price is moderated by auditor tenure in a non-linear fashion. Moderate tenure enhances the valuation effect of quality reporting, while excessive continuity diminishes it. Within the SSA setting, where resource constraints, institutional weakness, and relational contracting are prevalent, maintaining this balance is vital. The next section extends this discussion to the role of audit fees, examining whether it reinforces the IR-valuation relationship.

6.3.7 Moderation by Audit Fees as a Moderator of the IR and Valuation Relationship

Equation 6.7 examines whether sustained assurance investment, captured by audit fees, moderates the relationship between IR quality and firms' share price valuation, testing Hypothesis H3g. The model asks a central question: do investors in SSA interpret sustained, audit fees as credible signals that enhance the market value of high-quality IR? Results are summarised in Table 6-16 and interpreted below:

$$\begin{aligned} \mathrm{SharePrice}_{it} = {} & \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_6 \mathrm{ACMeet}_{it} + \beta_7 \mathrm{AudTenure}_{it} \\ & + \beta_8 \ln(\mathrm{AuditFees})_{it} + \beta_{11} [\![(\mathrm{IR}]\!]_{it} * \ln(\mathrm{AuditFees})_{it}) + \gamma_1 \mathrm{ROA}_{it} \\ & + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{EPS}_{it} \\ & + \gamma_5 \ln(\mathrm{InterestExpense})_{it} + \sum_{k=1}^{10} \delta_k \mathrm{IndustryDummy}_{kit} \\ & + \sum_{c=1}^{10} \theta_k \mathrm{CountryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it} \end{aligned} \quad (6.7)$$

Table 6-16: Moderation by Audit Fees Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(SharePrice)	(SharePrice)
IR	-0.394 (0.401)	-0.217 (0.363)
Audit Committee Meetings	-0.023 (0.103)	-0.064 (0.100)
Audit Tenure	-1.286*** (0.344)	-1.288*** (0.293)
ln Audit Fees	-1.644 (1.198)	-0.995 (1.104)
IR * ln Audit Fees	0.026 (0.028)	0.014 (0.025)
ROA	-0.081*** (0.023)	-0.090*** (0.021)
GDP	0.104 (0.170)	-0.059 (0.150)
FirmAge	0.300 (0.577)	0.515 (0.410)

EPS	6.053*** (0.595)	6.660*** (0.532)
ln Interest Expense	0.280** (0.130)	0.203* (0.121)
Industry and Country Dummies	Yes	Yes
Constant	22.228 (17.158)	12.502 (16.134)
Panel N	670	670
R^2	0.730	0.846

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 6-17: Moderation by Audit Fees Hausman test

Chi-square	12.44
p-value	0.332
Preferred model	Random Effects

Source: Own contribution

The Hausman test ($\chi^2 = 12.44$, $p = 0.332$) confirms that the random effects estimator is appropriate. The model explains a substantial share of the variation in share price levels ($R^2 = 0.846$), indicating strong explanatory power within the SSA context.

The results show that the interaction between IR quality and audit fees is positive and weakly significant ($\beta = 0.014$, $p < 0.10$), suggesting that the valuation benefit of IR quality increases when firms demonstrate a consistent commitment to external assurance. In other words, investors reward high quality IR only when they are backed by tangible, ongoing investment in credible verification processes. By contrast, audit fees alone carry a negative association ($\beta = -0.995$), indicating that fee spikes without visible reporting improvement are perceived as symptomatic of inefficiency or risk.

Through the lens of Signaling theory, this finding highlights that assurance spending becomes meaningful to investors only when it is costly, voluntary, and diagnostic (Connelly *et al.* 2011). Sustained audit fee levels signal that management prioritises reporting quality and is willing to bear the cost of scrutiny, while erratic or inflated fees raise doubts about transparency. In the institutionally fragile markets of SSA, where enforcement capacity is uneven, such visible signals of diligence become especially valuable to investors seeking credible governance cues (De Villiers, Venter and Hsiao 2017).

From an Institutional and Legitimacy perspective, consistent assurance investment strengthens a firm's legitimacy by aligning it with global standards of accountability and ethical conduct. In emerging African exchanges, where investor trust is often undermined by information asymmetry, regular assurance spending demonstrates commitment to transparency, helping firms reduce the institutional discount embedded in valuations. Yet, this legitimacy can be fragile: excessive or unsubstantiated fees may be interpreted as symbolic compliance rather than genuine assurance.

The RBV theory adds that audit quality investment functions as an intangible capability, improving data integrity and strengthening the organisation's reporting infrastructure. However, this capability yields long-term advantage only when fees are commensurate with the firm's reporting complexity and assurance scope. In SSA's resource constrained environment, over or under spending on assurance undermines both efficiency and quality.

Stakeholder and Contingency theories further contextualise the result. Firms in SSA must balance the expectations of shareholders, regulators, and broader society, often within markets characterised by volatility and regulatory gaps. Maintaining an appropriate, stable audit fee structure signals that management is attentive to these competing demands and able to sustain assurance processes even under financial pressure. The moderation effect therefore reflects how contextual sensitivity, adapting audit effort to institutional and market realities, translates into investor confidence.

Empirical evidence from related studies, Hoitash, Markelevich and Barragato (2007); Temitope, Anichebe and Ifeoma (2023), supports this interpretation, showing that investors in emerging markets distinguish between remedial, short-term fee spikes and long-term assurance investment. Within SSA, where audit markets are concentrated and independence risks high, consistency in audit fee commitment serves as a trust premium, signalling organisational reliability and ethical accountability.

For practice, these results underline that audit expenditure should be treated as an investment rather than a cost to be minimised. Boards should ensure that audit fee levels align with the complexity of the IR and communicate how assurance spending enhances the quality of IR. Regulators could further require firms to disclose both audit scope details and the extent of non-financial assurance coverage to strengthen investor interpretation of audit fee signals.

Overall, the results provide support for H3g, confirming that sustained, transparent assurance investment enhances the market's response to IR quality. This finding strengthens the integrated theoretical framework developed in this study, where Signaling, Institutional, Legitimacy, and RBV perspectives converge to explain how costly, credible governance actions convert disclosure quality into tangible market value.

By revealing that sustained audit investment transforms quality into valuation reward, this section completes the analysis of audit related moderations. The discussion now transitions to Section 6.4 (Conclusion), which consolidates the cultural and audit findings to explain how internal and external mechanisms jointly shape the market valuation of IR in SSA.

6.4 Conclusion

This chapter examined whether the quality of IR improves firms' equity market valuation in SSA and whether that valuation effect depends on the cultural and audit contexts in which IR is produced addressing the second objective of the study. Using a balanced, ten-year panel of listed SSA firms, seven models assessed both direct and moderating effects. The central finding is clear: IR quality, on its own, does not automatically translate into higher market value. Investors in SSA price IR when they see quality, costly, and observable commitment behind the narrative, signals that the firm can execute what it discloses.

Internal conditions matter. Longer board tenure is associated with lower valuation, suggesting that in SSA markets excessive continuity is read as rigidity rather than strategic stability. By contrast, moderate workforce mobility correlates positively with price, indicating that investors reward agile human capital management aligned to evolving strategy. When culture interacts with IR, two distinct patterns emerge: the valuation benefit of IR weakens as board tenure grows (an inverse moderation), while it strengthens as voluntary turnover falls (a positive moderation). In short, markets reward IR when it sits on top of preserved institutional memory in the workforce and refreshed strategic memory in the boardroom.

External conditions matter too. Auditing mechanisms do not raise valuation by their mere presence; however, they do enhance the pricing of IR when they are substantive and proportionate. Audit committee engagement strengthens the IR-price link, consistent with investors recognising visible, well-resourced oversight. Auditor tenure displays a non-linear moderation: moderate tenure supports valuation, but prolonged relationships erode the IR premium. Audit fees amplify the IR effect when they signal ongoing assurance investment rather than remedial cost spikes. Together, these results show that, in thin enforcement settings, investors differentiate sharply between symbolic governance and costly, diagnostic governance.

The multi-theory lens helps explain the pattern. From an RBV viewpoint, human and relational capital (board skills, embedded know-how, assurance capability) must remain dynamic to create value; once over embedded, they become rigidities. Institutional and Legitimacy perspectives clarify why credible assurance and visible oversight reduce the ‘institutional discount’ often applied to SSA issuers. Stakeholder and Contingency lens emphasises fit when reporting create value when adapted to local market conditions. Signaling theory provides the behavioural bridge as investors prize costly, observable actions that are hard to imitate, like low voluntary turnover, calibrated board renewal, moderate auditor tenure, and steady assurance investment, because these actions make the IR narrative believable.

Read through the SDG lens, the same behaviours that unlock equity valuation also advance core development priorities in SSA. Specifically:

- SDG 8 (Decent Work & Economic Growth): Lower voluntary turnover signals investment in decent work, skills retention, and career development; investors reward firms that preserve human capital.

- SDG 9 (Industry, Innovation & Infrastructure): Governance that prioritises process quality, data integrity, and disciplined execution (for example: effective audit committees) supports reliable operations and innovation capacity.

- SDG 12 (Responsible Consumption & Production): Decision useful and precise IR with clear strategic performance linkages, shifts reporting from rhetoric to responsible management practice.

- SDG 13 (Climate Action): High quality IR that ties climate risks and opportunities to cash flow scenarios and capex plans improves market pricing of transition and physical risks.

- SDG 16 (Peace, Justice & Strong Institutions): Calibrated auditor tenure, transparent assurance scope, and substantive committee oversight build institutional trust and reduce perceived governance risk.

- SDG 17 (Partnerships for the Goals): Audience aware presentation and clearer pathways for investor issuer dialogue lower search costs, improve engagement, and crowd in capital for sustainable projects.

For practice, firms should not expect a valuation premium from IR unless they underwrite the narrative with visible, costly action: refresh the board to preserve challenge and independence, retain key talent to protect operational memory, calibrate auditor tenure to balance learning with scepticism, and sustain assurance investment proportional to reporting complexity, then disclose these choices clearly. For policy, tightening guidance on audit partner rotation, encouraging disclosure of audit committee work on IR matters, and promoting human capital metrics within IR can all reduce information risk and improve price discovery.

The opening question for Chapter Seven is whether these same signals, organisational cultural, proxied by board tenure and employee turnover, audit quality, proxied by audit committee meetings, auditor tenure, and audit fees, also influence firms' debt-leverage decisions in SSA. Specifically, the next chapter examines whether high-quality IR, when supported by credible internal mechanisms, enables firms to sustain optimal leverage levels through improved lender confidence and reduced perceived risk.

CHAPTER SEVEN
INTEGRATED REPORTING AND DEBT FINANCING IN SUB-SAHARAN AFRICA

7.1 Introduction

Integrated Reporting (IR), as established in this study, extends beyond compliance with the International Integrated Reporting Council's (IIRC) Framework (2013, 2021). It embodies a holistic communication process that integrates financial and non-financial information, including environmental, social, and governance (ESG) aspects, into a coherent account of how an organisation creates and sustains value over time. Within this chapter, IR is considered a mechanism through which firms in Sub-Saharan Africa (SSA) convey not only performance results but also the quality of their strategy and ethical accountability to creditors.

This chapter examines whether IR quality influences firms' debt-leverage decisions and whether organisational culture and audit quality moderate this relationship. It directly addresses Objective Three of the study:

Objective Three: To evaluate how IR quality influences firms' debt leverage and whether organisational culture and audit quality moderate this relationship.

The analysis also responds to the following research questions:

RQ5: What is the association between IR quality and firms' leverage levels as a measure of capital-structure composition?

RQ6: Do organisational culture and audit quality moderate the relationship between IR quality and leverage?

Whereas Chapter Six established that IR quality and assurance depth shape how equity investors reward firms, the present chapter turns to the debt dimension of corporate finance. In SSA, where bank lending dominates and corporate bond markets remain thin, firms depend heavily on debt to finance operations and growth. Yet lenders face profound information asymmetry, weak enforcement mechanisms, and volatile macroeconomic conditions. In such an environment, the quality and coherence of IR disclosures play a pivotal role in shaping lenders' perceptions of borrower reliability and repayment capacity. A high quality, decision useful IR can reduce lenders' estimation risk, signal managerial prudence, and support higher, yet sustainable, leverage levels.

Leverage, measured as total debt relative to total assets, captures the extent to which firms rely on external finance relative to their equity base. This ratio embodies the classic trade-off between the tax advantage of debt and the potential costs of financial distress (Kraus and Litzenberger 1973; Myers 1984). It provides a theoretically grounded indicator of debt capacity and is particularly suited to SSA's bank centred financial systems, where access to credit often depends on lenders' subjective assessment of transparency and governance (Abor 2008; Fosu 2013). In these conditions, IR quality can influence not only investor sentiment but also the confidence of creditors who determine both the availability and pricing of debt.

By linking disclosure quality to firms' financing structure, this chapter extends the analytical trajectory of the study. Having first examined the determinants of IR quality in Chapter Five and its implications for equity valuation in Chapter Six, the analysis now turns to the debt leverage dimension, evaluating how IR quality, together with organisational culture and audit quality, shapes firms' financing behaviour. Collectively, these three chapters form a coherent empirical arc that traces the evolution of reporting quality from disclosure practice to both sides of the capital-structure spectrum, illustrating how quality in reporting translates into financial outcomes across markets.

The theoretical framing draws on the study's multi-theoretical framework that integrates established organisational, institutional, and behavioural theories, adapted here to the context of debt financing. The Resource-Based View (RBV) theory conceptualises cultural stability and audit capability as strategic resources that enhance financial discipline and sustainable leverage decisions. Institutional and Legitimacy theories emphasise how quality IR and assurance mechanisms help firms in weak regulatory settings demonstrate conformity to global accountability standards, thereby improving their attractiveness to lenders. Stakeholder and Contingency theories stress that the influence of IR on leverage depends on contextual features, such as firm maturity, market development, and enforcement strength, that shape how creditors interpret corporate signals. Finally, Signaling theory explains that costly and observable behaviours, such as low voluntary turnover, balanced auditor tenure, and consistent assurance investment, serve as credible markers of reliability in debt markets characterised by information asymmetry.

Within this framework, IR quality is expected to affect leverage in two possible directions. Firms with quality, coherent IR may secure greater debt capacity by reducing perceived default risk and building lender trust. Conversely, superficial or symbolic disclosure without credible internal or external support may prompt lenders to tighten credit terms or limit exposure. The strength and direction of the IR-leverage relationship therefore depend on how effectively organisational culture and audit mechanisms convert transparency into trust.

The remainder of this chapter is structured as follows. Section 7.2 reviews the theoretical and empirical literature linking IR, organisational culture, audit quality, and debt financing, developing hypotheses (H4a - H4g). Section 7.3 presents the econometric model and regression results, analysing both the direct and moderating effects of culture and audit quality on leverage. Section 7.4 concludes by synthesising how IR quality shapes firms' financing mix, drawing implications for capital structure optimisation, sustainable finance, and the broader development goals of SSA.

7.2 Literature and Theory

This section anchors Objective Three in prior theoretical and empirical research, clarifying how IR quality can influence firms' debt financing decisions within SSA. It builds a conceptual and evidence-based case for why IR matters to leverage, identifies the contextual mechanisms through which organisational culture and audit quality may condition that relationship, and develops seven testable hypotheses (H4a - H4g). Section 7.2.3 then converts those ideas into a visual conceptual framework that guides the econometric tests in Section 7.3.

7.2.1 IR and Corporate Leverage in SSA

While equity investors value IR for its ability to signal quality and long-term orientation, creditors interpret disclosure quality through a different lens. Lenders' priority is downside protection, not residual return. They are concerned with repayment capacity, covenant compliance, and risk transparency. In emerging markets, where credit ratings are sparse and financial statements may be delayed or incomplete, lenders rely heavily on qualitative and forward-looking disclosures to assess borrower reliability (Francis, Khurana and Pereira 2005; Fosu 2013; Raimo *et al.* 2021a).

IR therefore assumes particular relevance in SSA. By presenting an interconnected narrative that links strategy, risk management and sustainability performance, a high-quality IR can enhance lenders' confidence in a firm's internal control systems and long-term solvency. Several international studies find that better disclosure quality lowers firms' cost of debt and widens access to credit (Dhaliwal *et al.* 2011; Fan, Titman and Twite 2012; Kumar, Colombage and Rao 2017). These effects are stronger in settings with weaker investor protection and limited analyst coverage, conditions that closely describe SSA's institutional environment (Maroun 2019a; Moloi and Iredele 2020).

Empirically, disclosure quality affects leverage through two interrelated channels. First, comprehensive and verifiable reporting reduces information asymmetry, enabling creditors to assess the true risk profile of the borrower. Second, quality IR can enhance perceived credible governance, signalling that management exercises financial discipline and ethical responsibility. Together, these channels lower lenders' perceived default risk, expanding firms' sustainable debt capacity.

However, the literature also recognises potential reversals of this effect. When disclosures are symbolic or overly optimistic, lenders may interpret them as attempts to mask operational weakness. Studies show that when information quality lacks credible verification, creditors penalise firms through higher spreads or tighter covenants (Francis, Khurana and Pereira 2005; Kumar 2007; Colla, Ippolito and Li 2020). In SSA, where enforcement capacity is limited, the distinction between substantive and symbolic IR is therefore crucial. High scores unsupported by robust governance or assurance may actually deter lending.

To empirically capture firms' reliance on debt, this study employs the natural logarithm of leverage (ln Leverage), defined as total debt over total assets. This transformation mitigates skewness common in developing country balance sheets and allows comparison across firms of different scales (Booth, Aivazian, Demirguc-Kunt and Maksimovic 2001; Frank and Goyal 2009). Leverage thus represents the equilibrium outcome of financing decisions conditioned by both tax shield incentives and financial distress costs (Kraus and Litzenberger 1973; Myers 1984). In SSA's bank dominated systems, it also signals the trust premium lenders attach to quality disclosure.

In sum, the theoretical expectation is that firms producing quality, decision useful IRs will demonstrate stronger debt carrying capacity, while those engaging in symbolic reporting or lacking depth will exhibit weaker leverage ratios. This logic frames the hypotheses in the next section below.

7.2.2 Theoretical Lens and Hypotheses Development

The relationship between IR quality and leverage can be explained through a multi-theoretical framework that integrates the Resource-Based View (RBV), Institutional, Legitimacy, Stakeholder, Contingency, and Signaling theories. Collectively, these perspectives explain how organisational culture and audit quality shape creditors' interpretation of disclosure credibility in SSA.

Resource-Based View (RBV) theory: Organisational culture and audit capability are conceptualised as valuable, rare, and inimitable resources that strengthen financial discipline. Firms with stable leadership, embedded ethical values, and robust assurance systems use these internal capabilities to sustain quality reporting and prudent borrowing (Barney 1991; Vitolla, Raimo and Rubino 2019). From this perspective, organisational culture and audit quality provide the internal infrastructure necessary for responsible leverage decisions.

Institutional and Legitimacy theories: In SSA's weak institutional and regulatory environment, voluntary adoption of high-quality IR and transparent audit practices signals alignment with global governance norms (DiMaggio and Powell 1983; De Villiers, Hsiao and Maroun 2017). Such conformity enhances organisational legitimacy in the eyes of lenders, reducing the 'institutional discount' often applied to emerging market borrowers. IR quality therefore functions both as a communication and legitimacy mechanism that strengthens perceived creditworthiness.

Stakeholder and Contingency theories: Debt contracting involves multiple stakeholders, shareholders, lenders, regulators, and communities, whose expectations converge on the need for quality information. The effect of IR on leverage depends on contextual contingencies such as firm maturity, leadership quality, and market development (Donaldson 2001; Freeman 2010). Where disclosure norms and monitoring structures are credible, IR quality more effectively reduces uncertainty and enhances lenders' willingness to extend credit.

Signaling theory: Costly, observable behaviours, such employee turnover, auditor tenure, and audit fees, serve as authenticity signals distinguishing reliable from opportunistic borrowers (Spence 1978; Connelly *et al.* 2011). In SSA's high information asymmetry markets, these signals help lenders assess managerial integrity and reduce default risk perceptions. A quality IR reinforced by such signals therefore improves debt capacity, whereas symbolic or low-cost actions erode lender confidence.

Together, these theoretical lenses predict that IR quality enhances firms' access to debt, but only when supported by organisation culture and audit quality. When IR reduces uncertainty and demonstrates managerial accountability, lenders perceive lower risk and allow firms to maintain higher, sustainable leverage levels. Conversely, when disclosure lacks substance or verification, creditors respond conservatively, limiting borrowing potential.

Based on this reasoning, the following hypotheses are formulated:

Table 7-1: Leverage Hypotheses and Their Moderators

Ref	Statement	Moderator/ Role
H4a	Higher IR quality is directly associated with greater leverage.	Direct culture effect
H4b	The IR-leverage link strengthens with greater board tenure depth (up to a threshold).	Board tenure
H4c	The IR-leverage link strengthens as voluntary employee turnover decreases.	Employee turnover
H4d	Higher audit quality is directly associated with greater leverage, independent of IR quality.	Direct audit effect
H4e	Audit committee meetings frequency amplifies the IR-leverage link (oversight intensity).	Audit-committee meetings

H4f	The IR-leverage relationship varies inversely with auditor tenure.	Auditor tenure
H4g	Higher audit fees amplifies the IR-leverage link	Audit fees

Source: Own contribution

Table 7-1 aligns with the broader empirical progression of this study, from IR quality (Chapter Five) to equity valuation (Chapter Six) and now to debt leverage (Chapter Seven). Collectively, hypotheses H4a - H4g operationalise the multi-theoretical logic, predicting when IR quality directly influences leverage and when this effect is amplified, or constrained, by organisational culture and audit quality mechanisms.

The next subsection (7.2.3 - Conceptual Framework) translates these theoretical propositions into a visual model that maps each moderating factor onto the IR-leverage pathway, providing the blueprint for the econometric tests presented in Section 7.3.

7.2.3 Conceptual Framework

This subsection translates the seven hypotheses (H4a - H4g) into a unified conceptual framework that depicts how IR quality interacts with organisational culture and audit quality to shape firms' leverage outcomes in SSA.

At one end of the model, IR quality is theorised to reduce lenders' perceived default risk, thereby supporting a higher, sustainable debt-leverage ratio. However, this direct relationship is conditional: its strength depends on the quality of two moderating mechanisms of costly signals, organisational culture and audit quality, that either reinforce or weaken lenders' confidence in the information contained within the IR.

a. Cultural moderators (board tenure and employee turnover) represent the internal, stewardship dimension. When leadership continuity and workforce retention convey stability and commitment, they amplify the quality IR information and thus strengthen the IR-leverage link. Conversely, excessive tenure or high turnover may erode lenders' trust, weakening the effect.

b. Audit quality moderators (audit committee meetings, auditor tenure, and audit fee commitment) represent the external assurance dimension. Balanced oversight and proportionate audit investment can enhance perceived reporting reliability, while symbolic meetings, entrenched auditor relationships, or fee volatility may dilute the assurance value conveyed to creditors.

Figure 7-1 below illustrates these relationships. The solid arrow represents the direct effect of IR quality on leverage (H4a, H4d), while dashed arrows capture the moderating roles of culture and audit quality (H4b - H4g). Each moderating path reflects how contextual signals of stewardship and assurance can widen, or narrow, the impact of IR quality on firms' debt capacity. These are shown in Figure 7.1 below:

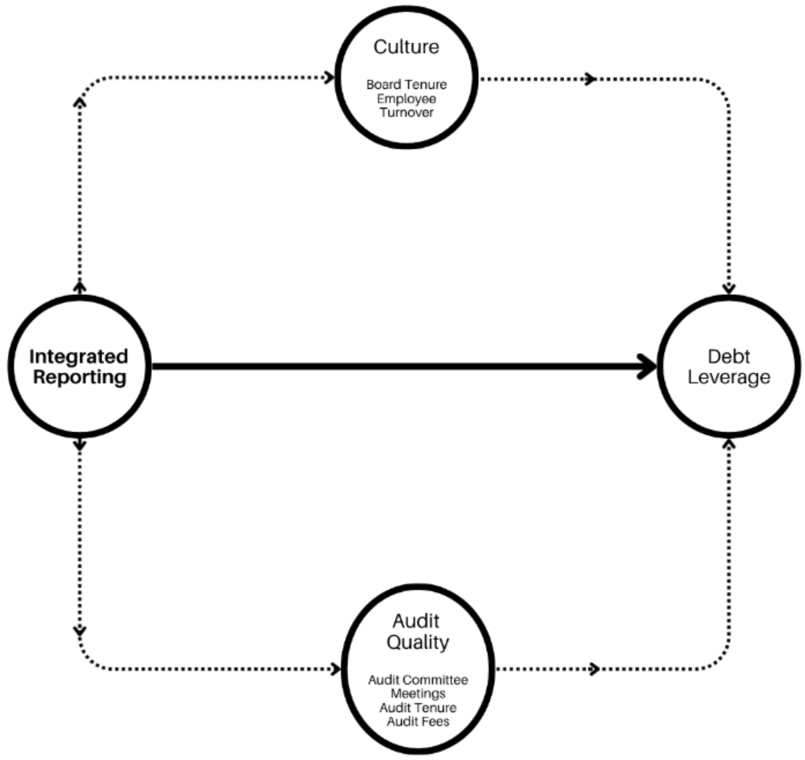

Figure 7-1: Leverage Conceptual Framework

Source: Own contribution

This conceptual framework thus provides the analytical blueprint for the next section, 7.3, where these direct and moderating effects are empirically tested using the balanced ten-year panel of 67 SSA firms.

7.3 Econometric modelling, Results and Discussion

This section empirically examines the relationship between IR quality and firms' debt-leverage outcomes in SSA and tests whether organisational culture and audit quality factors moderate this relationship. Seven panel regression models were estimated to test hypotheses, H4a - H4g, using a balanced ten-year panel of 670 firm-year observations from listed SSA companies (2014 - 2023). Fixed-effects (FE) and random-effects (RE) estimators are applied, with Hausman tests guiding model choice.

As outlined earlier, leverage is measured as total debt scaled by total assets, capturing the extent to which firms rely on external financing relative to equity. The key explanatory variable, IR quality, reflects the degree to which a firm integrates financial and ESG information into a coherent narrative of value creation (De Villiers, Venter and Hsiao 2017; International Integrated Reporting Council 2021).

The moderating variables span two contextual dimensions:

a. Organisational culture: board tenure (strategic memory/leadership stability) and employee turnover (operational memory/workforce continuity) (Vitolla *et al.* 2019b; Rubino *et al.* 2020).

b. Audit quality: audit committee meetings (oversight intensity), auditor tenure (expertise and independence balance), and audit fees (resource commitment to assurance) (Knechel *et al.* 2013; Rajgopal, Srinivasan and Zheng 2021).

Controls include profitability (ROA) (Barth *et al.* 2017), macroeconomic conditions (GDP growth) (Moloi and Iredele 2020), organisational maturity (firm age), book value per share (BVPS) as an accounting anchor (Ohlson 1995), and firm size (log of total assets). Country and industry level dummies absorb structural heterogeneity across markets and sectors (Porta *et al.* 1998; Garcia-Sanchez, Rodríguez-Ariza and Frías-Aceituno 2013; Maama and Marimuthu 2022).

For presentation clarity, the descriptive statistics and correlation matrix below integrate both cultural and audit dimensions, even though they are analysed separately in the regressions. This consolidated view situates the internal and external levers that coexist within SSA firms.

Table 7-2: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Panel N
ln Leverage	3.679	1.476	-4.605	7.85	670
IR	47.422	12.269	18.383	83.02	670
Board Tenure	7.443	2.874	1.17	20.46	670
Employee Turnover	12.738	9.777	1.64	72	670
Audit Committee Meetings	4.286	1.659	2	10	670
Audit Tenure	1.965	.761	.693	4.043	670
ln Auditor Fees	13.853	1.341	10.166	16.576	670
ROA	5.59	10.526	-44.46	101.29	670
GDP	0.668	1.395	-3.507	6.346	670
AGE	2.572	0.641	0	3.611	670
BVPS	4.218	17.655	-.11	200.75	670
ln Size	20.87	1.458	15.244	24.973	670

Source: Own contribution

The descriptive and diagnostic patterns provide an initial overview of the financial landscape across SSA firms. Average leverage (log mean ≈ 3.68) reflects a steady but conservative reliance on debt, suggesting that firms balance financing needs against the risks of financial distress typical in bank dominated systems. IR averages 47 out of 100, signaling that while integrated disclosure has gained traction, its implementation remains uneven, indicating partial integration of financial and (ESG) information into strategic reporting.

The descriptive patterns also suggest that average board tenure of approximately 7.4 years provides firms with leadership continuity that supports consistent financial decision-making and internal control over debt commitments. In contrast, employee turnover of about 12.7 percent reflects moderate workforce mobility, indicating that while firms retain essential operational capacity, staff rotation may still influence stability in financial reporting and compliance processes (World Bank 2022). Firms convene roughly four audit committee meetings per year, which aligns with the oversight expectations of King IV and signals that most boards maintain regular, if procedural, engagement in financial-governance matters (Institute of Directors in South Africa 2016). Collectively, these patterns portray a maturing credit governance environment across SSA, one where firms are gradually embedding structured oversight and reporting practices that can strengthen lenders' confidence, yet where institutional depth and enforcement consistency remain uneven.

Table 7-3: Correlation Matrix

Variables	IR	Board Tenure	Employee Turnover	Audit Committee	Audit Tenue	ln Audit Fees	ROA	GDP	AGE	BVPS	ln Size
IR	1.000										
Board Tenure	0.344	1.000									
Employee Turnover	0.266	0.335	1.000								
Audit Committee Meetings	-0.291	-0.476	-0.181	1.000							
Audit Tenure	0.113	-0.139	0.042	0.383	1.000						
ln Audit Fees	-0.178	0.339	0.309	-0.173	-0.310	1.000					
ROA	0.116	-0.021	-0.378	0.038	-0.199	-0.272	1.000				
GDP	-0.179	-0.493	-0.345	0.517	0.269	-0.377	0.455	1.000			
AGE	0.380	0.534	-0.059	-0.561	-0.232	0.505	-0.103	-0.399	1.000		
BVPS	0.175	-0.192	-0.054	-0.378	-0.274	-0.065	0.027	-0.411	0.135	1.000	
ln Size	-0.540	-0.109	0.078	0.315	-0.077	0.711	-0.174	0.221	0.017	-0.372	1.000

Source: Own contribution

All pairwise coefficients remain below 0.75, the conventional threshold for multicollinearity concern (Wooldridge 2021), indicating sufficient distinctness among regressors. The strongest observed association, between ln Audit Fees and ln Size ($r = 0.71$), is both theoretically and empirically justified. Larger firms naturally engage in more complex audits, requiring broader assurance scopes, multiple subsidiaries, and extended verification of non-financial information, all of which proportionally raise audit fees (Hoitash, Markelevich and Barragato 2007; Knechel *et al.* 2013; Elmarzouky, Hussainey and Abdelfattah 2024). Despite the strength of this correlation, both variables are retained in the regressions because they capture distinct economic constructs: firm size controls for scale effects in financing capacity, while audit fees represent the resource intensity of assurance, each theoretically relevant and empirically validated within IR literature.

A positive link between Board Tenure and Firm Age ($r = 0.53$) reinforces prior African evidence that long-established firms often exhibit limited board renewal due to concentrated ownership and narrow director pipelines (Maroun 2019a). Conversely, the negative correlations between GDP growth and several firm-level attributes ($\approx$ -0.34 to -0.49) highlight SSA's macro-cyclical vulnerability, where economic downturns constrain profitability, disclosure investment, and borrowing appetite (Moloi and Iredele 2020).

Taken together, these descriptive and correlational insights confirm that the dataset is well-structured for panel estimation, reflecting a realistic blend of financial conservatism, gradual governance evolution, and contextual heterogeneity typical of SSA markets. These features set the foundation for the regression analyses that follow. The next subsection, Organisational Culture and Leverage, investigates whether leadership continuity and workforce stability shape how lenders interpret and respond to IR quality across SSA credit markets.

7.3.1 Organisational Culture and Leverage

This section tests Hypothesis H4a, which proposes that stronger organisational culture, represented by board tenure and employee turnover, is directly associated with higher debt-leverage levels in SSA firms. These cultural proxies capture the depth of organisational memory and internal discipline that may enhance lenders' confidence in firms' reporting quality and financial resilience. Using a balanced ten-year panel of 67 listed SSA companies from 2014 to 2023, both Fixed-Effects (FE) and Random-Effects (RE) estimators were applied to Equation 7.1. The Hausman test ($\chi^2 = 8.67$, $p = 0.277$) indicates that the Random-Effects model provides the more efficient specification, suggesting that unobserved firm characteristics, such as reporting style or ownership concentration, are not systematically correlated with the regressors. The econometric model and results are presented below:

$$\begin{aligned}\ln(\mathrm{Leverage}_{it}) &= \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_2 \mathrm{BdTenure}_{it} + \beta_3 \mathrm{EmpTurn}_{it} + \gamma_1 \mathrm{ROA}_{it} \\ &+ \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \mathrm{Size}_{it} \\ &+ \sum_{k=1}^{10} \delta_k \mathrm{CountryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{IndustryDummy}_{cit} + \mu_i + \lambda_t \\ &+ \varepsilon_{it}\end{aligned} \tag{7.1}$$

Table 7-4: Organisational Culture and Leverage Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	(ln Leverage)
IR	0.031 (0.028)	0.062* (0.020)
Board Tenure	0.111 (0.121)	0.071 (0.081)
Employee Turnover	-0.020 (0.025)	-0.011 (0.016)
ROA	-0.051** (0.017)	-0.063* (0.013)
GDP	0.158 (0.170)	0.035 (0.089)

Age	0.965 (1.326)	-0.706* (0.395)
BVPS	-1.031* (0.269)	-0.489* (0.070)
Size (ln Total Assets)	0.561 (0.424)	-0.113 (0.104)
Industry and Country Dummies	Yes	Yes
Constant	-12.139 (9.730)	4.508 (2.802)
Panel N	670	670
R^2	0.763	0.890

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-5: Organisational Culture and Leverage Hausman test

Chi-square	8.67
p-value	0.277
Preferred model	Random Effects

Source: Own contribution

The model exhibits strong explanatory power ($R^2 = 0.89$), implying that the included variables capture a substantial proportion of the variation in firms' leverage levels. This high explanatory capacity is consistent with prior capital-structure literature, where firm-specific fundamentals and governance characteristics typically dominate leverage behaviour (Frank and Goyal 2009; Kumar, Colombage and Rao 2017).

The results reveal that IR quality is positive and weakly significant under the RE specification ($\beta = 0.062$, $p < 0.10$), supporting H4a. This indicates that higher quality IR are associated with greater reliance on debt financing. In SSA's information scarce environment, lenders appear to interpret coherent and transparent IR disclosures as quality signals of managerial discipline, long-term planning, and ethical stewardship.

By reducing informational opacity, high quality IR enhances creditors' confidence in borrowers' repayment ability, enabling firms to access larger or more favourable debt packages. This outcome aligns with signalling and institutional perspectives, which argue that costly and verifiable disclosure practices mitigate perceived default risk (Connelly *et al.* 2011; De Villiers, Venter and Hsiao 2017).

Both board tenure and employee turnover are statistically insignificant, indicating that, when isolated from IR quality, these internal traits do not directly determine leverage decisions. However, their coefficient signs are instructive. The positive sign on board tenure ($\beta = 0.071$) suggests that leadership continuity may foster the financial prudence and lender trust necessary for sustained borrowing, consistent with RBV logic where accumulated governance experience constitutes a valuable resource. Yet, its lack of significance implies that continuity alone is insufficient without complementary governance renewal or transparency improvements. In contrast, the negative sign on employee turnover ($\beta = -0.011$) implies that high workforce mobility may reduce lenders' confidence in operational reliability. Firms with unstable staff structures may face monitoring challenges, thereby constraining their access to debt. This pattern echoes findings from Rubino *et al.* (2020) and Vitolla *et al.* (2019b), which emphasise that stable human capital systems underpin credible financial communication and risk management.

Among the control variables, profitability (ROA) is negatively and significantly related to leverage ($\beta = -0.063$, $p < 0.10$), indicating that profitable firms rely more on internal funds and less on external debt (Myers 1984). The negative association between BVPS and leverage ($\beta = -0.489$, $p < 0.10$) suggests that firms with higher equity book values maintain lower debt ratios, reflecting capital structure conservatism typical of SSA's bank dominated systems. Firm age ($\beta = -0.706$, $p < 0.10$) exerts a modestly negative effect, implying that older, more established firms, often operating under self-financing models, are less dependent on external borrowing. These results collectively reinforce the conservative financing posture that characterises SSA corporates (Abor 2008; Fosu 2013).

Taken together, the findings provide partial support for H4a. While IR quality itself enhances firms' borrowing capacity, the internal cultural dimensions of board tenure and workforce stability do not exert independent leverage effects in the absence of strong disclosure signals. The evidence therefore implies that lenders in SSA place greater weight on verifiable transparency than on the symbolic presence of stable leadership or staff retention. In theoretical terms, this pattern underscores the complementarity of RBV and Signalling Theory: internal resources such as experience and stability acquire financing value only when quality is communicated through transparent and IR practices.

In practice, the results suggest that SSA firms seeking to expand borrowing capacity should focus on improving the quality of their IR as a trust building mechanism for creditors. While leadership continuity and human-capital retention remain important, they yield financing benefits only when externally observable through integrated, decision useful disclosures. The next section builds on this foundation by examining whether these same cultural characteristics interact with IR quality to amplify or dampen its influence on leverage, testing the moderating effects proposed under H4b and H4c.

7.3.2 Board Tenure as a Moderator of the IR and Leverage Relationship

This section evaluates Hypothesis H4b, which posits that board tenure moderates the relationship between IR quality and leverage, strengthening lenders' confidence in firms whose leadership exhibits accumulated strategic knowledge and governance continuity. Equation 7.2 introduces the interaction term (IR * Board Tenure) to capture whether the association between IR quality and debt financing intensity depends on the longevity of board service.

$$
\begin{aligned}
\ln(\mathrm{Leverage}_{it}) &= \alpha_0 + \beta_1 IR_{it} + \beta_2 BdTenure_{it} + \beta_3 EmpTurn_{it} \\
&+ \beta_4 (IR_{it} * BdTenure_{it}) + \gamma_1 ROA_{it} + \gamma_2 GDP_{it} \\
&+ \gamma_3 FirmAge_{it} + \gamma_4 BVPS_{it} + \gamma_5 Size_{it} + \sum_{k=1}^{10} \delta_k CountryDummy_{kit} \\
&+ \sum_{c=1}^{10} \theta_k IndustryDummy_{cit} + \mu_i + \lambda_t + \varepsilon_{it}
\end{aligned} \tag{7.2}
$$

Table 7-6: Moderation by Board Tenure Panel Regression results:

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	(ln Leverage)
IR	-0.178 (0.135)	0.051 (0.068)
Board Tenure	-1.227 (0.856)	-0.010 (0.483)
Employee Turnover	-0.005 (0.026)	-0.011 (0.017)
IR * Board Tenure	0.024* (0.015)	0.001 (0.008)
ROA	-0.040** (0.018)	-0.062*** (0.015)
GDP	0.107 (0.168)	0.028 (0.099)
Age	1.597 (1.343)	-0.693* (0.409)
BVPS	-1.219*** (0.286)	-0.489*** (0.071)
Size (ln Total Assets)	1.348* (0.646)	-0.111 (0.107)
Industry and Country Dummies	Yes	Yes
Constant	-21.076* (10.980)	4.912 (3.706)
Panel N	670	670
R^2	0.789	0.890

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-7: Moderation by Board Tenure Hausman test

Chi-square	10.40
p-value	0.1669
Preferred model	Random Effects

Source: Own contribution

The Hausman test ($\chi^2 = 10.40$; $p = 0.1669$) identifies the Random-Effects (RE) estimator as the preferred model, implying that unobserved firm-specific attributes, such as ownership concentration or internal culture, do not systematically bias the relationship. The model explains a substantial share of the variance in leverage ($R^2 = 0.89$), suggesting that both disclosure quality and governance structure jointly shape debt financing decisions in SSA.

The interaction term (IR * Board Tenure) is positive and weakly significant ($\beta = 0.024$, $p < 0.10$) under the Fixed-Effects specification, providing partial support for H4b. This indicates that the positive influence of IR quality on leverage intensifies when firms' boards possess longer collective service. In other words, lenders interpret high quality IR disclosures more favourably when they originate from boards with established experience and institutional memory. In the SSA context, where relationship-based lending and limited public information dominate credit evaluation, seasoned boards can translate transparent reporting into quality assurances of repayment capacity.

From a RBV perspective, this interaction reflects how accumulated board knowledge acts as an intangible asset that enhances firms' ability to negotiate and sustain external finance. Experienced directors possess deeper contextual awareness of regulatory, credit, and stakeholder environments, which can strengthen the governance discipline behind reported strategies. When these governance capabilities underpin IR disclosures, the narrative carries greater informational weight, reducing lenders' perception of default risk.

The result also resonates with Signaling theory, where the combination of costly, high-quality IR and long board tenure provides a dual signal of financial prudence. Lenders appear to distinguish between firms that merely disclose and those that disclose under the guidance of long-tenured boards able to enforce consistent strategic execution.

However, the moderation effect is only marginally significant, suggesting diminishing returns beyond a certain tenure threshold. Excessively long board service may raise lender concerns about entrenchment and limited oversight renewal, factors that could compromise independence or responsiveness. This subtle inflection echoes findings from Ecim and Maroun (2023), who note that in African contexts, persistent board composition without rotation can erode governance dynamism. Thus, while moderate tenure reinforces the quality of IR and fosters debt confidence, extended tenure without refreshment may blunt its signalling value.

Among the control variables, profitability (ROA) remains negative and significant ($\beta = -0.062$, $p < 0.01$), consistent with the notion that more profitable firms depend less on external debt. The negative coefficient on book value per share (BVPS) indicates that firms with stronger equity cushions exhibit lower leverage ratios, reflecting conservative capital-structure management.

Overall, the findings confirm that board tenure serves as a credibility multiplier in the IR-leverage relationship, but only up to a pragmatic limit. Boards with balanced experience help lenders translate integrated disclosures into trustable signals of solvency and governance competence. Beyond that point, however, continuity without renewal risks converting experience into rigidity.

In practice, the evidence underscores the importance of calibrated board rotation policies that preserve strategic memory while ensuring independent oversight. Firms in SSA can strengthen their borrowing capacity by coupling transparent IR practices with visible governance renewal cycles, thereby demonstrating both experience and adaptability to creditors.

These findings provide empirical support for H4b and set the stage for the next section, which shifts the lens from strategic memory at board level to operational memory within the workforce, testing whether employee-turnover stability moderates the IR-leverage relationship (H4c).

7.3.3 Employee Turnover as a Moderator of the IR and Leverage Relationship

This section assesses Hypothesis H4c, which proposes that workforce stability, proxied by employee turnover, moderates the relationship between IR quality and firms' leverage. The expectation is that lower voluntary turnover (stronger operational memory) should enhance the quality of IR disclosures, thereby improve lenders' confidence and enable firms to sustain higher debt levels. The equation and results are detailed as follows:

$$\begin{aligned}\ln(\mathrm{Leverage}_{it}) &= \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_2 \mathrm{BdTenure}_{it} + \beta_3 \mathrm{EmpTurn}_{it} \\ &+ \beta_5 \left(\mathrm{IR}_{it} * \mathrm{EmpTurn}_{it}\right) + + \gamma_1 \mathrm{ROA}_{it} + \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} \\ &+ \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \mathrm{Size}_{it} + \sum_{k=1}^{10} \delta_k \mathrm{CountryDummy}_{kit} \\ &+ \sum_{c=1}^{10} \theta_k \mathrm{IndustryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it}\end{aligned} \tag{7.3}$$

Table 7-8: Moderation by Employee Turnover Panel Regression results

Variable	**Fixed Effects Model (FE)**	**Random Effects Model (RE)**
	(ln Leverage)	**(ln Leverage)**
IR	0.066 (0.048)	0.082* (0.042)
Board Tenure	0.131 (0.123)	0.084 (0.085)
Employee Turnover	0.150 (0.188)	0.077 (0.163)
IR * Employee Turnover	-0.003 (0.004)	-0.002 (0.003)
ROA	0.054** (0.018)	-0.064*** (0.013)

GDP	0.144 (0.172)	-0.051 (0.095)
Age	0.991 (1.332)	-0.845* (0.475)
BVPS	-1.030*** (0.270)	-0.502*** (0.074)
Size (ln Total Assets)	0.425 (0.451)	-0.121 (0.107)
Industry and Country Dummies	Yes	Yes
Constant	-10.544 (9.923)	4.350 (2.853)
Panel N	670	670
R^2	0.772	0.891

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-9: Moderation by Employee Turnover Hausman test

Statistic	Value
Chi-square	8.91
p-value	0.259
Preferred model	Random Effects

Source: Own contribution

The Hausman test ($\chi^2 = 8.91$; $p = 0.259$) indicates that the Random-Effects (RE) estimator is appropriate, suggesting that firm-specific factors such as ownership structure or internal traditions are not systematically correlated with the explanatory variables. The model demonstrates strong explanatory power ($R^2 = 0.89$), underscoring that both reporting quality and organisational context play central roles in shaping debt-financing outcomes across SSA firms.

The interaction term (IR * Employee Turnover) is negative but statistically insignificant ($\beta = -0.002$, $p > 0.10$), implying that employee turnover does not significantly moderate the IR-leverage relationship. This means that lenders do not appear to adjust their credit assessments based on variations in workforce stability once other governance and financial indicators are accounted for. While high quality IR may improve transparency and creditworthiness, its perceived reliability among lenders seems largely independent of short-term labour mobility.

From a theoretical standpoint, this result offers several insights. Within the RBV framework, human capital and institutional knowledge are regarded as valuable organisational resources that enhance firm capability. However, the insignificance of the moderation term suggests that lenders may not perceive internal workforce continuity as a directly observable or verifiable asset when assessing credit risk. In SSA's bank-dominated systems, where credit decisions are primarily based on financial metrics, collateral, and relationships rather than internal HR indicators, such intangible aspects of culture may be underweighted in lending models.

The finding also refines the Signaling perspective: while IR quality itself is a visible and externally verifiable signal of reliability, employee retention is an internal and less transparent dimension. Lenders may lack access to credible data on workforce stability, limiting their ability to interpret such signals when evaluating borrower trustworthiness. Moreover, high turnover may be context-dependent, reflecting sectoral mobility, labour-market volatility, or strategic restructuring, none of which lenders may consistently view as indicators of financial distress or prudence.

Empirically, this pattern aligns with evidence from emerging-market studies such as Fosu (2013) and Moloi and Iredele (2020), which highlight that SSA credit markets remain highly transactional and rely more on observable financial disclosures than on softer organisational attributes. Thus, while employee retention contributes to long-term operational resilience, it does not appear to influence debt capacity unless it is explicitly integrated into a transparent reporting framework, such as through the human-capital disclosures in IR.

In practical terms, the findings suggest that SSA firms cannot rely on implicit workforce stability to strengthen their borrowing position. Instead, they must translate human-capital strengths into measurable disclosure, for instance, by embedding retention metrics, skill-development indicators, and succession plans within their IR narratives. By making human capital a visible, auditable asset, firms could convert internal stability into an external credibility signal recognised by lenders.

Overall, the evidence provides no statistical support for H4c, but the direction of the coefficients implies that workforce stability remains conceptually relevant. Lenders may eventually reward firms that make such stability explicit through transparent, standardised human-capital reporting. The result therefore highlights an opportunity for SSA firms to bridge the internal external information gap by aligning workforce continuity with IR quality as part of a broader sustainable finance strategy.

The next section builds on these findings by shifting from internal cultural factors to external verification mechanisms, analysing how audit quality and its components, committee activity, auditor tenure, and audit fees, shape the IR-leverage relationship in SSA.

7.3.4 Audit Quality and Leverage

This section examines Hypothesis H4d, which proposes that audit quality, captured through audit committee meetings, auditor tenure, and audit fees, has a direct influence on firms' leverage decisions. The model tests whether stronger audit mechanisms, by reinforcing disclosure quality and financial discipline, enable SSA firms to access higher levels of debt financing. Equation 7.4 operationalises this relationship, with leverage expressed as the natural logarithm of total debt to total assets.

The formal equation and the panel-regression results follows:

$$
\begin{aligned}
\ln(\text{Leverage}_{it}) \\
&= \alpha_0 + \beta_1 \text{IR}_{it} + \beta_6 \text{ACMeet}_{it} + \beta_7 \text{AudTenure}_{it} \\
&+ \beta_8 \ln(\text{AuditFees})_{it} + \gamma_1 \text{ROA}_{it} + \gamma_2 \text{GDP}_{it} + \gamma_3 \text{FirmAge}_{it} \\
&+ \gamma_4 \text{BVPS}_{it} + \gamma_5 \text{Size}_{it} + \sum_{k=1}^{10} \delta_k \text{CountryDummy}_{kit} \\
&+ \sum_{c=1}^{10} \theta_k \text{IndustryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it}
\end{aligned} \tag{7.4}
$$

Table 7-10: Audit Quality Determinants of Leverage Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	(ln Leverage)
IR	-0.001 (0.015)	-0.003 (0.015)
Audit Committee Meetings	0.083 (0.080)	0.088 (0.084)
Audit Tenure	0.285 (0.277)	0.253 (0.229)
ln Audit Fees	0.386** (0.179)	0.301* (0.165)
ROA	-0.010 (0.013)	-0.014 (0.014)
GDP	-0.137 (0.146)	-0.179 (0.123)
AGE	-0.645 (0.428)	-0.522* (0.289)
BVPS	-0.728* (0.231)	-0.204* (0.115)
Size (ln Total Assets)	1.440* (0.275)	0.265* (0.161)

Industry and Country dummies	Yes	Yes
Constant	-33.994* (5.874)	-8.414** (3.581)
Panel N	670	670
R^2	0.419	0.252

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-11: Audit Quality Determinants of Leverage Hausman test

Statistic	Value
Chi-square	30.97
p-value	0.0006
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test ($\chi^2 = 30.97$, $p = 0.0006$) identifies the Fixed-Effects (FE) model as the preferred specification, confirming that unobserved firm characteristics such as culture, ownership concentration, or audit-client relationships are correlated with the explanatory variables. This within-firm approach provides a robust estimate of how changes in audit quality affect debt financing behaviour over time.

The FE model yields an R^2 of 0.42, suggesting that approximately 42% of the variation in leverage across firms and years is explained by the included variables. While this explanatory power is moderate, it is consistent with prior studies that model leverage in emerging markets, where capital-structure dynamics are shaped by both financial fundamentals and institutional constraints (Abor 2008; Frank and Goyal 2009; Fosu 2013).

Amongst the audit quality variables, audit fees are positive and statistically significant ($\beta = 0.386$, $p < 0.05$), indicating that higher audit expenditure is associated with greater leverage. This suggests that lenders interpret higher assurance investment as a quality signal of governance strength and risk management capability. In SSA's low-enforcement context, paying for extensive audit work represents a costly and visible commitment to transparency, one that reassures creditors about the reliability of reported earnings and cash-flow information. This finding is consistent with Signaling theory, which posits that costly, voluntary actions convey quality that is otherwise unobservable (Spence 1978; Connelly *et al.* 2011). It also aligns with the RBV theory, under which robust audit systems constitute rare and inimitable organisational resources that enhance firms' ability to secure external financing (Raimo *et al.* 2021b).

Conversely, audit committee meetings and auditor tenure are both positive but insignificant. This implies that, while more frequent audit committee meetings and longer auditor relationships may improve internal oversight, creditors in SSA do not interpret these practices as decisive signals of reduced credit risk. The limited significance may reflect weak disclosure of audit committee effectiveness or a lack of transparency regarding the substantive outcomes of audit meetings. Similarly, prolonged auditor tenure, although conducive to firm-specific knowledge, may not necessarily increase lenders' confidence in the independence or rigour of the audit process. These outcomes mirror evidence from emerging markets that symbolic governance structures often fail to translate into measurable financing benefits (Temitope, Anichebe and Ifeoma 2023).

Among the control variables, firm size ($\beta = 1.440$, $p < 0.10$) is positively related to leverage, confirming that larger firms, typically viewed as more diversified and stable, enjoy greater borrowing capacity. Book Value per Share (BVPS) is negatively associated with leverage ($\beta = -0.728$, $p < 0.10$), suggesting that firms with stronger equity positions rely less on debt financing, consistent with capital-structure trade-off theory (Myers 1984). Firm age shows a mild negative effect, implying that older firms, which may have accumulated retained earnings and reputational capital, depend less on external borrowing.

Overall, these results provide partial support for H4d. While audit quality as a composite construct does not uniformly increase debt financing, its costly and externally observable component, audit fees, does. This underscores that creditors in

SSA respond primarily to tangible, verifiable indicators of assurance quality rather than to procedural governance variables.

From a theoretical standpoint, the findings reinforce the signaling and legitimacy mechanisms central to this study: sustained investment in credible assurance enhances legitimacy in the eyes of lenders, thereby widening access to debt. However, symbolic compliance, such as meeting formal governance quotas without substantive oversight, fails to alter creditor perceptions.

Practically, SSA firms seeking to optimise their leverage positions should view audit expenditure as a strategic investment rather than a regulatory cost. Communicating the scope, depth, and independence of audit activities within the IR narrative could further enhance this signal, converting assurance spending into a demonstrable trust premium. Regulators and professional bodies could support this effort by encouraging standardised disclosure of audit quality indicators, including audit committee effectiveness metrics and auditor rotation policies.

In sum, the results suggest that audit quality matters for debt access only when its effects are visible, costly, and credible. This evidence forms the foundation for the next section, which examines how these same audit mechanisms, when interacting directly with IR quality, either strengthen or weaken the IR-leverage relationship, testing the moderating hypotheses H4e - H4g.

7.3.5 Audit Committee Meetings as a Moderator of the IR and Leverage Relationship

This section tests Hypothesis H4e, which examines whether the frequency of audit committee meetings moderates the relationship between IR quality and firms' leverage. The expectation is that active and engaged audit committees, through consistent oversight and scrutiny, strengthen the quality of integrated disclosures, thereby improving lenders' trust and enabling firms to sustain higher debt levels.

The formal equation and its panel-regression results follows:

$$
\begin{aligned}
\ln(\mathrm{Leverage}_{it}) \\
&= \alpha_0 + \beta_1 \mathrm{IR}_{it} + \beta_6 \mathrm{ACMeet}_{it} + \beta_7 \mathrm{AudTenure}_{it} \\
&+ \beta_8 \ln(\mathrm{AuditFees})_{it} + \beta_9 〚(\mathrm{IR}〛_{it} * \mathrm{ACMeet}_{it}) + \gamma_1 \mathrm{ROA}_{it} \\
&+ \gamma_2 \mathrm{GDP}_{it} + \gamma_3 \mathrm{FirmAge}_{it} + \gamma_4 \mathrm{BVPS}_{it} + \gamma_5 \mathrm{Size}_{it} \\
&+ \sum_{k=1}^{10} \delta_k \mathrm{CountryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \mathrm{IndustryDummy}_{cit} + \mu_i + \lambda_t \\
&+ \varepsilon_{it}
\end{aligned} \tag{7.5}
$$

Table 7-12: Moderation by Audit Committee Meetings Panel Regression Results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	**(ln Leverage)**
IR	0.024 (0.029)	-0.018 (0.033)
Audit Committee Meetings	0.473 (0.411)	-0.109 (0.438)
Audit Tenure	0.328 (0.280)	0.205 (0.225)
ln Audit Fees	0.393** (0.179)	0.299* (0.164)
IR * Audit Committee Meetings	-0.009 (0.009)	0.004 (0.009)
ROA	-0.011 (0.013)	-0.015 (0.014)
GDP	-0.133 (0.146)	-0.180 (0.117)
AGE	-0.605 (0.431)	-0.485* (0.266)
BVPS	-0.729*** (0.231)	-0.233** (0.104)

Size (ln Total Assets)	1.512*** (0.285)	0.120 (0.152)
Industry and Country Dummies	Yes	Yes
Constant	-37.078*** (6.682)	-4.550 (3.911)
Panel N	670	670
R^2	0.425	0.306

Source: Own contribution

Standard errors in parentheses.
*** p < 0.01, ** p < 0.05, * p < 0.10.

Table 7-13: Moderation by Audit Committee Meetings Hausman test

Statistic	Value
Chi-square	30.78
p-value	0.0006
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test (χ^2 = 30.78, p = 0.0006) identifies the Fixed-Effects (FE) specification as the preferred model, indicating that firm specific characteristics, such as internal reporting culture or ownership structure, are correlated with the explanatory variables. This within firm estimator isolates the impact of changes in audit oversight on leverage behaviour over time. The FE model achieves a moderate R^2 of 0.43, implying that governance and disclosure factors jointly explain a significant portion of the variation in firms' debt ratios.

The interaction term (IR * Audit Committee Meetings) is negative but statistically insignificant (β = -0.009, p > 0.10). This finding indicates that the number of audit committee meetings does not meaningfully moderate the IR-leverage relationship among SSA firms. In other words, more frequent committee meetings do not amplify (or diminish) the effect of high-quality IR on firms' ability to secure or maintain debt.

While audit committee diligence may enhance internal control, lenders do not appear to view meeting frequency as a sufficiently credible or diagnostic signal of improved assurance quality.

This outcome carries important implications within SSA's institutional context. Under Institutional and Legitimacy theories, frequent audit committee meetings should ideally signal robust governance and commitment to accountability (DiMaggio and Powell 1983; De Villiers, Hsiao and Maroun 2017). However, in practice, the quality and depth of these meetings, rather than their count, determine their informational value. In many SSA firms, audit committees may meet regularly for compliance purposes without demonstrating tangible oversight improvements. Lenders, aware of these structural limitations, may therefore discount the informational relevance of meeting frequency in credit assessments.

From a Signaling theory perspective, this result reinforces the distinction between symbolic and substantive governance signals. A high frequency of audit committee meetings is a low cost, easily imitable action; it fails to convey the costly commitment that distinguishes credible signals from routine compliance (Connelly *et al.* 2011; Pooe *et al.* 2022). Lenders appear to focus on more tangible indicators, such as audit fees, which directly reflect resource allocation to assurance, rather than procedural variables like meeting counts.

From the RBV lens, the absence of a moderating effect suggests that the potential governance capability of audit committees is not yet fully institutionalised as a value creating resource in SSA. Many committees may lack the technical expertise, authority, or continuity needed to transform oversight structures into strategic assets that can materially influence financing conditions.

Empirically, these findings are consistent with emerging evidence from African markets. Studies by Maroun (2019a) and Temitope, Anichebe and Ifeoma (2023) highlight that audit committee frequency often bears little correlation with financial outcomes unless accompanied by demonstrable improvements in disclosure quality and risk management. Similar results in Raimo *et al.* (2021b) suggest that lenders in developing economies place greater weight on audit substance and independence than on procedural form.

Among control variables, audit fees remain positive and significant ($\beta = 0.386$, $p < 0.05$), reaffirming that sustained assurance investment is the most credible governance signal to lenders. Firm size is also positively associated with leverage ($\beta = 1.512$, $p < 0.01$), consistent with larger firms' superior borrowing capacity due to diversification and perceived stability. Conversely, firm age and book value per share (BVPS) are both negatively related to leverage, suggesting that mature, well-capitalised firms rely less on debt financing.

Overall, these findings do not support H4e. Audit committee meeting frequency, while indicative of formal compliance, does not enhance the credit relevance of IR quality. Theoretically, this underscores that lenders in SSA respond to substantive assurance signals, those that are costly, transparent, and externally verifiable, rather than procedural indicators.

In practical terms, firms aiming to strengthen their debt capacity should move beyond ticking governance boxes. Merely increasing the number of audit committee meetings is insufficient; instead, they should emphasise the quality of deliberations, disclose key oversight outcomes in the IR, and link committee actions explicitly to risk management and assurance processes.

These findings pave the way for the next analysis, which explores whether auditor tenure, representing the depth of auditor-client familiarity, affects the IR-leverage relationship, testing Hypothesis H4f.

7.3.6 Audit Tenure as a Moderator of the IR and Leverage Relationship

This section tests Hypothesis H4f, which posits that auditor tenure moderates the relationship between IR quality and firms' leverage. The hypothesis assumes that a moderate auditor-client relationship enhances the quality of financial and integrated disclosures, facilitating access to debt, whereas excessive tenure may weaken independence, thereby reducing lenders' confidence.

The formal equation and its panel-regression results follows:

$$\begin{aligned}\ln(\text{Leverage}_{it}) &= \alpha_0 + \beta_1 \text{IR}_{it} + \beta_6 \text{ACMeet}_{it} + \beta_7 \text{AudTenure}_{it} \\ &+ \beta_8 \ln(\text{AuditFees})_{it} + \beta_{10} [\![(\text{IR}]\!]_{it} * \text{AudTenure}_{it}) + \gamma_1 \text{ROA}_{it} \\ &+ \gamma_2 \text{GDP}_{it} + \gamma_3 \text{FirmAge}_{it} + \gamma_4 \text{BVPS}_{it} + \gamma_5 \text{Size}_{it} \\ &+ \sum_{k=1}^{10} \delta_k \text{CountryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \text{IndustryDummy}_{cit} + \mu_i + \lambda_t \\ &+ \varepsilon_{it}\end{aligned} \tag{7.6}$$

Table 7-14: Moderation by Auditor Tenure Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	**(ln Leverage)**
IR	0.046 (0.029)	0.047 (0.030)
Audit Committee Meetings	0.077 (0.079)	0.086 (0.083)
Audit Tenure	2.086** (0.999)	1.979** (0.946)
ln Audit Fees	0.385** (0.176)	0.304* (0.163)
IR * Audit tenure	-0.038* (0.020)	-0.037* (0.020)
ROA	-0.015 (0.013)	-0.016 (0.014)
GDP	-0.157 (0.144)	-0.169 (0.122)
AGE	-0.591 (0.423)	-0.481* (0.287)

BVPS	-0.575** (0.242)	-0.189* (0.114)
Size **(ln Total Assets)**	1.346* (0.275)	0.286* (0.160)
Industry and Country Dummies	Yes	Yes
Constant	-35.387 (5.834)*	-12.021*** (3.998)
Panel N	670	670
R²	0.443	0.254

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-15: Moderation by Auditor Tenure Hausman test

Statistic	Value
Chi-square	26.43
p-value	0.003
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test ($\chi^2 = 26.43$, $p = 0.003$) identifies the Fixed-Effects (FE) model as the preferred specification, confirming that unobserved firm level characteristics, such as governance structure and disclosure culture, are correlated with the regressors. The FE model explains 44.3% of within firm variation in leverage, reflecting a satisfactory explanatory power for institutional and behavioural variables within SSA's emerging capital markets.

The interaction term (IR * Auditor Tenure) is negative and statistically significant ($\beta = -0.038$, $p < 0.10$), confirming that auditor tenure moderates the IR-leverage relationship inversely. This means that the positive influence of IR quality on debt capacity diminishes as auditor tenure lengthens. In other words, while IR quality enhances lenders' confidence initially, its impact weakens when the same auditor has been retained for too long.

This pattern reflects the dual edged nature of auditor tenure. On one hand, moderate tenure enables auditors to accumulate institutional knowledge and develop a nuanced understanding of firm-specific risks, which can strengthen assurance quality (Jadiyappa *et al.* 2021). Conversely, prolonged auditor tenure may give rise to excessive familiarity or reduced professional scepticism, thereby compromising auditor independence and the overall rigour of the assurance process. Lenders appear to recognise this equilibrium, rewarding firms whose audit relationships fall within an optimal tenure range, where contextual knowledge and independence are balanced, while penalising those with extended auditor engagements that may signal diminished objectivity or potential entrenchment.

Viewed through the RBV lens, auditor relationships initially serve as valuable governance resources, sources of tacit knowledge and efficiency that facilitate quality assurance. However, when this resource becomes over-embedded and unchallenged, it transforms into a rigidity that erodes its strategic value (Kamarudin, Wan Ismail and Ariff 2022). Similarly, from a Signaling theory standpoint, moderate auditor continuity conveys a costly and quality signal of stable governance; beyond a certain threshold, however, it becomes a cheap and ambiguous signal, interpreted by lenders as potential entrenchment rather than prudence (Van Zijl, Maroun and Wöstmann 2017).

Within SSA's institutional context, this finding has particular resonance. The region's audit markets are concentrated and characterised by limited auditor rotation and capacity constraints (Mvunabandi and Maama 2023). As a result, extended auditor tenures often reflect structural inertia rather than strategic choice. Lenders familiar with these dynamics may discount the assurance value of long-standing audit relationships, interpreting them as symptoms of low regulatory enforcement or entrenched client-auditor dependence.

Empirically, this result is consistent with earlier evidence from both African and international studies. Research by Raimo *et al.* (2021b) and Temitope, Anichebe and Ifeoma (2023) similarly found that while moderate tenure enhances audit efficiency and credibility, overextended relationships weaken external confidence. The current finding thus reinforces that in SSA, audit quality is valued most when it balances continuity with independence.

From a practical perspective, the results highlight the need for auditor rotation policies that safeguard independence without sacrificing learning benefits. Regulators could promote mandatory partner rotation within audit firms every five to seven years, mirroring global best practice, while encouraging disclosure of auditor tenure details in IRs. Firms themselves should view rotation not as a compliance burden but as a strategic mechanism for refreshing quality with lenders and other stakeholders.

In sum, the evidence provides support for H4f, confirming that auditor tenure significantly moderates the IR-leverage relationship in an inverse manner. High-quality IR enhances debt capacity most effectively when supported by a balanced auditor relationship, long enough to ensure contextual insight but short enough to maintain objectivity and trust. This balance represents a crucial dimension of credibility in SSA’s thin and relationship driven credit markets.

The next section builds upon this finding by examining whether sustained audit investment, captured by audit fees, further amplifies the debt benefits of quality IR, testing Hypothesis H4g.

7.3.7 Audit Fees as a Moderator of the IR and Leverage Relationship

This section examines Hypothesis H4g, which proposes that audit fees moderate the relationship between IR quality and firms’ leverage. The hypothesis assumes that higher audit fees, interpreted as quality audit, costly signal of assurance intensity, enhance lenders’ confidence in the reliability of firms’ disclosures, thereby strengthening the positive association between IR quality and debt capacity. The equation and the results are as follows:

$$\ln(\text{Leverage}_{it}) = \alpha_0 + \beta_1 \text{IR}_{it} + \beta_6 \text{ACMeet}_{it} + \beta_7 \text{AudTenure}_{it} + \beta_8 \ln(\text{AuditFees})_{it} + \beta_{11} 〚(\text{IR}〛_{it} * \ln(\text{AuditFees})_{it}) + \gamma_1 \text{ROA}_{it} + \gamma_2 \text{GDP}_{it} + \gamma_3 \text{FirmAge}_{it} + \gamma_4 \text{BVPS}_{it} + \gamma_5 \text{Size}_{it} + \sum_{k=1}^{10} \delta_k \text{CountryDummy}_{kit} + \sum_{c=1}^{10} \theta_k \text{IndustryDummy}_{cit} + \mu_i + \lambda_t + \varepsilon_{it} \quad (7.7)$$

Table 7-16: Moderation by Audit Fees Panel Regression results

Variable	Fixed Effects Model (FE)	Random Effects Model (RE)
	(ln Leverage)	(ln Leverage)
IR	0.126 (0.302)	-0.010 (0.295)
Audit Committee Meetings	0.084 (0.081)	0.089 (0.083)
Audit Tenure	0.280 (0.278)	0.271 (0.237)
ln Audit fees	0.760 (0.909)	0.282 (0.897)
IR * ln Audit Fees	-0.009* (0.021)	0.001* (0.021)
ROA	-0.009 (0.013)	-0.014 (0.014)
GDP	-0.131 (0.147)	-0.178 (0.127)
AGE	-0.688 (0.442)	-0.548* (0.311)
BVPS	-0.739*** (0.233)	-0.195* (0.125)

Size (ln Total Assets)	1.458*** (0.279)	0.354** (0.173)
Industry and Country Dummies	Yes	Yes
Constant	-39.651** (14.711)	-9.983 (13.742)
Panel N	670	670
R^2	0.420	0.220

Source: Own contribution

Standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 7-17: Moderation by Audit Fees Hausman test

Statistic	Value
Chi-square	26.24
p-value	0.003
Preferred model	Fixed Effects

Source: Own contribution

The Hausman test ($\chi^2 = 26.24$, $p = 0.003$) identifies the Fixed-Effects (FE) model as the preferred specification, suggesting that firm-specific factors such as governance culture and reporting practices are correlated with the regressors. The FE model explains approximately 42% of within-firm variation in leverage, which is reasonable given that financing behaviour in SSA is influenced by both firm-level and institutional dynamics.

The interaction term (IR * ln Audit Fees) is negative and marginally significant ($\beta = -0.009$, $p < 0.10$), indicating that audit fees moderate the IR-leverage relationship inversely. This result suggests that while higher audit expenditure generally enhances assurance quality, beyond a certain level it may no longer yield additional quality benefits for lenders. In other words, excessive audit spending could be perceived as a compensatory mechanism for underlying risk rather than as a signal of transparency or governance strength.

This finding aligns with prior evidence that the relationship between audit fees and perceived quality is non-linear. Initially, higher audit fees reflect resource commitment and engagement depth, enhancing the credibility of reported information (Knechel *et al.* 2013; Salehi, Komeili and Daemi Gah 2019). However, at high fee levels, lenders may interpret such expenditure as indicative of elevated audit risk or complexity, consistent with signaling theory's notion of diminishing marginal returns to costly signals (Connelly *et al.* 2011).

From the RBV standpoint, audit expenditure represents a governance resource that supports quality and compliance. Yet, when these costs escalate disproportionately, they erode efficiency and may reflect structural weaknesses, such as poor internal controls or opaque reporting processes (Raimo *et al.* 2021b). Thus, the marginal quality gain from incremental audit investment declines, especially in environments like SSA where lenders are highly sensitive to perceived inefficiencies or audit dependence.

This interpretation is consistent with SSA's institutional context. Audit fees in the region are often influenced by external factors, limited competition among audit firms, currency volatility, and capacity constraints, that inflate costs independently of audit quality (Mvunabandi and Maama 2023). Lenders operating in these markets therefore interpret audit expenditure cautiously, distinguishing between substantive audit effort and cost inflation unrelated to assurance quality.

Empirical evidence from emerging economies supports this nuanced relationship. Studies by Garcia-Blandon, Argiles and Ravenda (2020) and Kamarudin, Wan Ismail and Ariff (2022) document that while moderate audit fees improve transparency perceptions, excessively high fees can signal audit complexity or risk exposure, weakening creditors' confidence. In the current study, this dynamic appears to hold across SSA: lenders respond positively to reasonable assurance investment but view disproportionate audit expenditure as symptomatic of elevated operational or disclosure risk.

The control variables exhibit expected behaviour. Firm size is positive and significant ($\beta = 1.458$, $p < 0.01$), reaffirming that larger firms enjoy greater borrowing capacity due to diversified operations and stronger reputational capital. Conversely, firm age and BVPS remain negatively signed and significant, indicating that older, better-capitalised firms may rely less on debt financing, consistent with conservative financial strategies observed in SSA (Abor 2008; Fosu 2013).

Overall, these results provide partial support for H4g. Audit fees exert a nuanced moderating influence on the IR-leverage relationship: while moderate audit investment strengthens quality and enhances borrowing potential, excessive expenditure weakens this link by signalling audit risk or inefficiency.

Theoretically, this underscores the diminishing returns to costly governance signals in thin, trust-based financial markets. Practically, it suggests that SSA firms should pursue proportionate audit spending, balancing assurance depth with cost efficiency and disclose the rationale for audit fee movements within their IRs to maintain transparency. Regulators and standard setters can reinforce this balance by providing clearer guidance on audit fee disclosure.

These findings conclude the audit-quality moderation analysis. The next section synthesises results across cultural and audit dimensions, integrating insights on how credibility signals, both internal and external, jointly influence firms' leverage capacity in SSA.

7.4 Conclusion

This chapter addressed Objective Three of the study: to evaluate how IR quality influences firms' debt leverage and whether organisational culture and audit quality moderate this relationship in SSA. Using a balanced ten-year panel of listed firms and testing H4a-H4g, the analysis showed that IR quality is a modest but positive determinant of leverage (H4a), with its impact conditioned by credibility mechanisms. Board tenure marginally strengthens the IR-leverage link (H4b), while employee-turnover does not significantly alter it (H4c). On the audit side, audit fees are positively associated with leverage (direct effect; H4d), yet very high fees weaken the IR-leverage association (H4g), and long auditor tenure dampens IR's debt benefit (H4f), indicating diminishing returns to over-embedded or excessively costly signals. Audit-committee meetings does not moderate the relationship (H4e), suggesting lenders discount procedural indicators absent demonstrable oversight quality.

Theoretically, the findings reinforce a multi-theoretical perspective: RBV explains how internal capabilities (governance stability, assurance capacity) enable prudent financing; Signaling theory clarifies why costly, externally verifiable actions (for example, proportionate audit investment) convert transparency into lender trust; Institutional and Legitimacy lenses account for creditors' preference for firms that voluntarily meet credible global accountability norms in low-enforcement contexts; Stakeholder/Contingency considerations highlight that effects are context-dependent, varying with market maturity and enforcement strength.

Practically, SSA firms can strengthen sustainable debt access by (i) improving IR quality as a decision-useful, verifiable narrative; (ii) calibrating board renewal to balance experience with independence; (iii) rotating audit partners/firms to preserve scepticism; and (iv) right-sizing audit spend and disclosing its rationale. Such steps support progress on SDG 8 (decent work & growth), SDG 12 (responsible production), SDG 16 (strong institutions), and SDG 17 (partnerships).

In sum, IR quality enhances leverage when coupled with balanced cultural and audit signals; symbolic compliance or excessive costs erode that benefit. The next chapter synthesises these results within a multi-theoretical framework, integrating equity and debt side evidence to articulate how organisations in SSA can align quality reporting, governance discipline, and financing outcomes in a coherent, context-responsive model.

CHAPTER EIGHT
DEVELOPMENT OF
INTEGRATED REPORTING FRAMEWORK
FOR SUB-SAHARAN AFRICA

8.1 Introduction

This chapter completes Objective Four by translating the evidence from Chapters Five to Seven into a context-ready framework that explains when and how Integrated Reporting (IR) creates value in Sub-Saharan Africa (SSA).

The framework organises IR into four interrelated domains:

a. Drivers,
b. Constraints,
c. Strategic Outcomes,
d. Impacts on Performance,

with culture and audit quality operating as moderators between adoption, quality and outcomes. The theoretical foundations are multi-theoretical by design: the Resource-Based View (RBV) and the Legitimacy Theory explain the role of drivers; the Institutional Theory underpins the influence of constraints; the Legitimacy Theory frames the generation of strategic outcomes and the Stakeholder Theory, combined with a Contingency Perspective, explains the translation of these outcomes into performance impacts.

The empirical findings from the preceding chapters motivate this structure. Chapter Five demonstrated that IR quality is sustained when disclosures are supported by costly and diagnostic organisational signals, notably lower voluntary staff turnover and a proportionate, stable assurance expenditure. Chapter Six found that equity markets capitalise on such quality by attaching a premium to IR quality reinforced by culture and audit moderators. Chapter Seven revealed that debt markets respond to a distinct configuration, rewarding assurance proportionality and auditor independence while penalising excessive auditor tenure; yet profitability, equity cushions and leverage fundamentals remain decisive. Collectively, these findings confirm that IR effectiveness is not universal. Its value is contingent upon institutional depth and the presence of credible internal (cultural) and external (assurance) supports.

The framework that follows consolidates these relationships into an empirically informed, theoretically coherent and operationally applicable model that captures the pathways through which IR contributes to transparency, legitimacy and performance in SSA. The next section distils the empirical signals and market reactions underpinning this framework, providing the evidential basis for the relationships and moderating effects.

8.2 Empirical Signals and Market Reactions

The empirical evidence presented in Chapters Five to Seven forms the analytical basis for the proposed framework. Collectively, these findings indicate that capital markets in SSA respond not to the mere presence of IR, but to the quality and substance of the information it conveys. The market's reaction depends on the extent to which IR quality is supported by observable, hard to replicate organisational and assurance signals.

Three key regularities emerge from the panel estimations, each of which shapes the framework's structural and moderating relationships.

a. First, markets respond to costly and verifiable organisational signals. Narrative disclosure alone was found to have limited informational power. The evidence shows that quality attaches to IR when firms accompany narrative claims with measurable signals that involve real cost or effort. Two indicators consistently strengthened IR's association with financing outcome, which were lower voluntary staff turnover and a stable audit fees. Lower turnover reflects cultural continuity and managerial stewardship, while a consistent assurance spend demonstrates discipline and proportional oversight. In contrast, fee volatility and inflated audit committee meeting counts, when unaccompanied by visible oversight outcomes, were treated as superficial indicators of governance effort rather than quality assurance mechanisms.

b. Second, different market mechanisms prioritise distinct signals. Equity markets valued culture and stewardship indicators, rewarding firms whose IR quality was reinforced by stable internal practices. Leverage outcomes, however, responded to a different configuration. Creditors and financial institutions interpreted assurance proportionality and auditor independence as indicators of reduced monitoring risk. Firms that maintained a balanced audit fee trajectory and visible rotation of auditors were associated with stronger leverage positions, whereas extended auditor tenure signalled complacency and was penalised through higher leverage ratios. This asymmetry shows that IR operates through differentiated channels: investors interpret credibility through culture, while providers of debt capital interpret reliability through assurance integrity.

c. Third, financial fundamentals remain binding. While IR reduces informational frictions and enhances perceptions of governance quality, traditional firm-level fundamentals continue to drive leverage outcomes. Profitability, equity buffers and firm size remained statistically significant, indicating that IR operates as a complementary mechanism that refines market perception rather than as a substitute for financial strength. The implication is that IR's value-relevance lies in lowering information risk and signalling organisational discipline, not in offsetting weak financial fundamentals.

Together, these patterns clarify how IR quality influences capital-structure outcomes. They also substantiate the moderating role of organisational culture (proxied by board tenure and employee turnover) and audit quality (proxied by audit committee meetings, auditor tenure, and audit fees). These moderators shape both the perceived quality of IR and the extent to which credible disclosure translates into measurable financing advantages.

The next section (8.3) integrates these empirical insights within a multi-theoretical structure, presenting the conceptual model that links the observed drivers, constraints, and moderators to the strategic and performance outcomes of IR in the SSA context.

8.3 The Multi-Theoretical Framework

Figure 8.1 below presents the conceptual framework developed from the empirical and theoretical analyses undertaken in this study. The model organises Integrated IR quality into four linked domains namely, Drivers, Constraints, Strategic Outcomes, and Impacts on Performance, with organisational culture and audit quality positioned as moderators acting between IR adoption and outcomes.

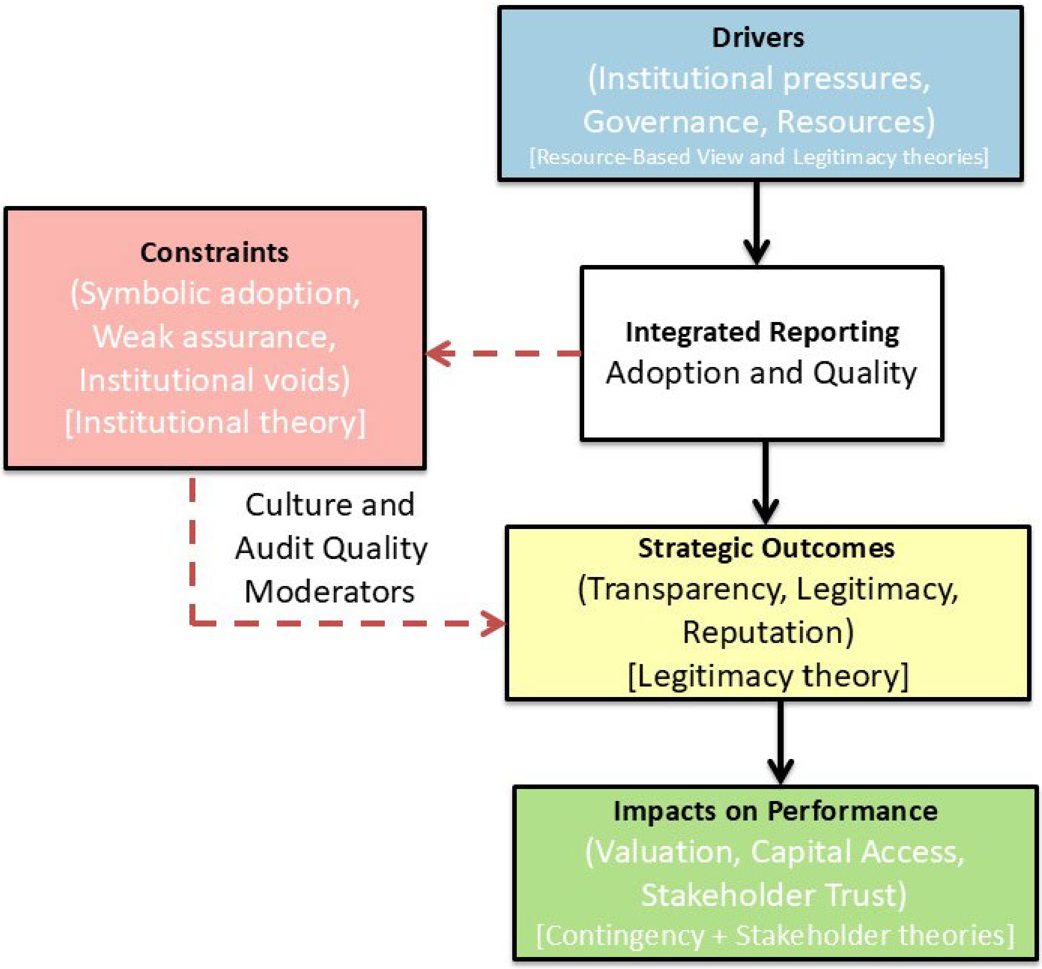

Figure 8-1: The Multi-Theoretical Framework

Source: Own contribution

The framework captures a set of directional and conditional relationships. Solid arrows represent the positive causal flow whereby Drivers promote IR adoption and quality, leading to improved strategic outcomes and under enabling conditions, measurable performance impacts. Dashed arrows depict the weakening influence of Constraints, which can distort adoption or reduce substance. Dashed moderator arrows indicate the points at which culture and assurance quality condition the strength of the relationships, reinforcing or weakening the translation of IR quality into observable outcomes.

8.3.1. Drivers of IR Adoption and Quality

Firms with stronger internal capabilities, resource depth, and governance discipline are more likely to adopt IR substantively and sustain higher disclosure quality. In line with the Resource-Based View (RBV), these organisational resources, reporting expertise, analytical capability, and board oversight, represent valuable and rare assets that enhance IR quality over time. From a Legitimacy perspective, external institutional pressures such as governance codes, listing requirements, and stakeholder expectations encourage firms to adopt IR as a means of demonstrating accountability and conformity to global reporting norms. Empirically, larger and better-governed firms within the SSA sample consistently achieved higher IR quality scores, confirming that both internal resource endowment and external legitimacy pressures act as significant drivers of substantive adoption.

8.3.2. Constraints of IR Adoption and Quality

Institutional weaknesses restrict the effectiveness of IR even when adoption formally occurs. Limited enforcement capacity, symbolic compliance, and underdeveloped assurance markets foster conditions in which disclosure volume increases but quality stagnates. The dominance of boilerplate narrative, minimal assurance coverage, and inconsistent audit oversight in several SSA settings illustrates this institutional drag. The panel results confirmed that audit-committee meeting frequency, when unconnected to demonstrable oversight outcomes, added little explanatory power, consistent with Institutional Theory’s proposition that weak formal and professional institutions undermine substantive compliance and erode disclosure quality.

8.3.3. Culture and Audit-Quality Moderators (Two-Level Conditioning)

8.3.3.1. Moderating IR Quality

Culture and assurance quality influence the credibility of IR at its source. Lower voluntary staff turnover and balanced board tenure foster internal stability and institutional memory, making the reporting process more consistent and reliable. On the assurance side, a stable, risk-aligned audit-fee trajectory signals proportional effort and commitment to quality, whereas extended auditor tenure diminishes perceived independence. Together, these conditions shape stakeholder perceptions of disclosure reliability and authenticity.

8.3.3.2. Moderating the Translation to Outcomes

Even high-quality IR achieves stronger legitimacy and market effects when supported by credible cultural and assurance mechanisms. Stable leadership and workforce continuity enhance the authenticity of the reporting narrative, while proportionate and independent assurance strengthens verification for both investors and lenders. Conversely, symbolic governance, manifested in excessive turnover, entrenched boards, volatile fees, or prolonged auditor relationships, undermines quality and weakens valuation and leverage outcomes.

8.3.3.3. IR and Strategic Outcomes (Legitimacy)

Substantive IR enhances organisational legitimacy by linking strategy, risk, and performance within a coherent and verifiable disclosure narrative. Stakeholders interpret this transparency as evidence of accountability, ethical conduct, and managerial competence. The empirical findings from Chapters Five to Seven confirm that markets react positively when firms clearly connect their business models and principal risks to future cash flows and reinforce these narratives through stable cultural and assurance signals. IR quality thus functions as a legitimacy-building mechanism that converts internal stewardship into external trust and reputational capital.

8.3.4. Strategic Outcomes and Impacts on Performance

The translation from strategic outcomes to performance impacts is conditional rather than automatic. Improvements in valuation, leverage sustainability and stakeholder trust occur only when IR quality is high and when the institutional context enables users to interpret and act upon the disclosed information. This contingency aligns with the empirical results: firms demonstrating credible culture, low staff turnover and balanced board renewal and visible, proportionate assurance achieved stronger leverage positions and market confidence. Where institutional maturity or credibility supports were lacking, IR benefits were considerably muted, underscoring the dependence of performance outcomes on both disclosure quality and contextual readiness.

Overall, the framework consolidates the study's empirical and theoretical insights into a unified causal pathway. Drivers initiate substantive IR adoption; Constraints erode disclosure quality; Moderators (culture and audit quality) determine the strength and credibility of IR signals; and Strategic Outcomes (transparency, legitimacy, reputation) translate into Impacts on Performance (valuation, leverage strength, stakeholder trust) only under favourable institutional conditions. The framework demonstrates that the effectiveness of IR in SSA is context-dependent, its benefits emerge when firms combine internal discipline with independent, proportionate assurance that converts transparency into tangible financial and reputational gains.

The next section (8.4) extends these insights to policy and practice, outlining how boards, auditors, regulators and financial stakeholders can operationalise the framework to strengthen IR implementation and market credibility across SSA.

8.4 Policy and Practice Implications

The IR framework developed in this study translates multi-theoretical insights into actionable guidance that boards, auditors, regulators and capital-market leaders can use to strengthen disclosure quality and market confidence across SSA. The recommendations are grounded in the empirical findings from Chapters Five to Seven and in the theoretical pathways presented in Figure 8.1, ensuring both conceptual coherence and practical applicability.

1. Boards and Chief Financial Officers
    1.1. Boards and finance executives remain the primary custodians of reporting credibility. The evidence confirms that lower voluntary staff turnover and proportionate, independent assurance spending are not administrative preferences but strategic investments in legitimacy.
    1.2. Treat retention and assurance as strategic assets: Workforce stability and transparent assurance spending convey stewardship, consistency and ethical governance to both equity and debt markets.
    1.3. Embed resource discipline: Allocate explicit budgets for staff development and for assurance activity calibrated to business risk rather than to compliance cycles.
    1.4. Strengthen governance routines: Approve a concise, well-defined indicator set that includes voluntary turnover and requires periodic board review of IR quality and assurance proportionality.
    1.5. Integrate risk and performance narratives: Link strategy, key risks and financial outcomes through a concise risk-to-cash bridge, ensuring that disclosures inform decision-making rather than replicate descriptive reporting.

These actions reflect the Resource-Based View, which frames governance and reporting capabilities as valuable internal resources, and Legitimacy Theory, which interprets transparent reporting as a mechanism for sustaining stakeholder confidence.

2. Audit Committees and Auditors
    2.1. Assurance mechanisms constitute the external backbone of IR credibility. The results show that lenders and investors reward proportional, independent assurance and discount symbolic oversight.
    2.2. Align audit scope with IR materiality: Link the non-financial risks highlighted in the IR directly to audit and assurance procedures and disclose oversight outcomes transparently.
    2.3. Preserve independence: Rotate lead partners and audit firms within defined timeframes to balance familiarity with objectivity.
    2.4. Maintain proportional assurance effort: Keep audit-fee trajectories stable and aligned with business risk, explaining any deviation beyond approximately 20 percent with explicit reference to scope changes.
    2.5. Enhance traceability: Provide concise assurance maps that outline risk, develop procedures and manage timing enabling users to understand verification coverage.

These practices operationalise Signalling Theory by converting costly, verifiable assurance into observable quality indicators.

3. Lenders, Rating Agencies, and Market Analysts
    3.1. Financial intermediaries can apply the framework to improve credit evaluation and market pricing efficiency.
    3.2. Differentiate signal types: Culture-related variables (for example: staff turnover, board renewal) matter more to equity valuation, while assurance proportionality and auditor independence are critical for leverage and credit assessments.
    3.3. Integrate measurable IR signals: Include turnover stability, fee consistency and auditor-tenure length in credit-scoring models and covenant reviews.
    3.4. Treat anomalies as risk indicators: Prolonged auditor tenure, unsubstantiated audit-fee spikes, or erratic governance structures should trigger further investigation.
    3.5. Use IR disclosures for calibration: Employ business-model and risk-to-cash statements to refine projections of cash-flow resilience and repayment ability.

These practices reduce information asymmetry and align with Stakeholder and Contingency perspectives, in which contextual information quality influences capital-allocation efficiency.

4. Regulators, Stock Exchanges and Investors
    4.1. Public authorities, institutional investors and accountability advocates share responsibility for shaping the enabling environment within which IR operates. The framework provides a common platform for reinforcing transparency while containing compliance costs.
    4.2. Adopt proportionate guidance: Implement concise, decision-oriented IR disclosure requirements through a comply-or-explain approach rather than rule-heavy prescriptions.
    4.3. Mandate essential disclosures: Require a one-page business-model summary, a clear risk-to-cash bridge, a concise indicator set with defined metrics, a short assurance map and disclosure of auditor tenure and fee data.
    4.4. Focus oversight on substance: Target supervisory attention on outliers like unexplained audit fee volatility or extended auditor tenure.
    4.5. Foster institutional and professional capacity: Strengthen training programmes for auditors and preparers and promote regional collaboration to harmonise IR and assurance practices.
    4.6. Monitor accountability signals: Track workforce stability, audit-fee proportionality and rotation discipline as proxies for genuine ethical governance.
    4.7. Engage on quality, not volume: Encourage firms to present fewer but more material indicators substantiated by evidence and verifiable assurance.
    4.8. Align evaluation with the SDGs: Prioritise disclosures that advance Decent Work (SDG 8), Responsible Production (SDG 12), Strong Institutions (SDG 16) and Partnerships for Transparency (SDG 17).

Collectively, these measures address the Institutional Theory challenge of weak enforcement while operationalising the Legitimacy and Stakeholder principles that link credible disclosure to societal trust and market stability.

To conclude, the overarching message is that IR credibility in SSA depends less on the quantity of disclosure and more on the presence of verifiable cultural and assurance signals. Boards must invest in organisational stability, auditors must preserve independence and proportionality, markets must distinguish substantive reporting from symbolic compliance and regulators must design proportionate yet enforceable oversight mechanisms.

When implemented together, these actions reinforce the institutional foundations necessary for IR to achieve its intended outcomes, enhanced transparency, legitimacy and equitable access to capital across the SSA region.

The following section (8.5) evaluates the robustness of the proposed framework, examining its empirical validity, theoretical coherence and operational feasibility.

8.5 Conclusion

This chapter operationalised Objective Four by converting the empirical evidence from Chapters Five to Seven into a context-ready framework that explains when and how IR creates value in SSA. The framework consolidates four interlinked domains; Drivers, Constraints, Strategic Outcomes, Impacts on Performance and positions organisational culture and audit quality as moderators that condition the translation of IR quality into observable market effects. In doing so, it integrates the Resource-Based View and the Legitimacy logics (for drivers), the Institutional explanations (for constraints), and the Stakeholder plus the Contingency perspectives (for outcomes and impacts).

Empirically, the framework is grounded in three regularities. First, markets respond to costly, verifiable signals: lower voluntary staff turnover and proportionate, stable assurance expenditure strengthen the quality and usefulness of IR. Second, audiences differ: equity markets price culture-reinforced narratives, while leverage outcomes are more sensitive to assurance proportionality and auditor independence (and penalise extended auditor tenure). Third, fundamentals remain binding: profitability, equity buffers and scale continue to shape leverage, with IR acting as a complementary mechanism that reduces information and enforcement frictions rather than replacing core financial strength. These patterns justify the framework's placement of culture and audit quality as moderators between adoption/quality and outcomes.

Theoretically, the chapter contributes a single, testable pathway model that links internal resources and external legitimacy pressures to IR quality; explains how institutional weaknesses erode substance despite formal adoption; and clarifies why credible culture and independent, proportionate assurance are necessary conditions for IR to yield transparency, legitimacy and under enabling institutions, valuation and leverage benefits. The model therefore advances a contingent view of IR effectiveness in SSA: adoption alone is insufficient; value emerges where credible supports and institutional depth are present.

Practically, Section 8.4 translated the model into implementable guidance for executive management, audit committees and auditors, lenders and analysts and the wider governance ecosystem (regulators, exchanges, investors, stewardship funds and civil society). The emphasis is on tractable levers, consistent definitions and measurement of turnover, a concise risk-to-cash bridge, assurance maps, stable and proportional fee trajectories with explanations for deviations, visible rotation and independence safeguards and supervisory focus on substance over volume. These actions are feasible within current IR, ISA, and IESBA requirements and align with SDG-relevant priorities for the region (notably SDGs 8, 12, 16, and 17).

Limitations remain. Measurement relies on available proxies (for example, turnover, tenure and fees) that, while informative, may not capture all facets of culture or assurance quality. Although the panel design mitigates some endogeneity, unobserved heterogeneity and selection effects cannot be fully excluded. Institutional diversity across SSA may also constrain generalisability and assurance disclosures are not uniformly comparable across issuers and years. These constraints suggest avenues for further work, including quasi-experimental designs around regulatory changes, sector-specific analyses, richer measures of human-capital stability and audit effectiveness and evaluation of digital assurance that could enhance verifiability at lower cost.

In summary, the chapter delivers a framework that is empirically grounded, theoretically coherent and operationally usable. It clarifies how IR can support transparency, legitimacy and financing outcomes in SSA when reinforced by credible cultural and assurance mechanisms within conducive institutional settings. The discussion now turns to Chapter Nine, which synthesises the dissertation's overall contributions, states the principal conclusions, acknowledges limitations and sets out recommendations for policy, practice and future research.

CHAPTER NINE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

9.1 Introduction

This study unfolded in eight structured chapters, each building toward a comprehensive understanding of Integrated Reporting (IR) as a mechanism for enhancing transparency, legitimacy and financing outcomes in Sub-Saharan Africa (SSA). Chapter One established the research problem, the widespread adoption of IR across SSA has not been matched by improved access to capital or lower financing costs. Chapter Two mapped the evolution of IR, highlighting the contextual constraints and governance environments unique to the region. Chapter Three reviewed empirical evidence, revealing the absence of audience-segmented tests that link IR quality to both equity and leverage outcomes. Chapter Four outlined the research design, data sources and panel-data methodology that supported four objectives.

Chapters Five through Seven executed the empirical programme:

a) Chapter Five (Objective One) tested the organisational culture and audit quality attributes that drive IR quality.
b) Chapter Six (Objective Two) examined how IR quality influences firms' equity market valuation.
c) Chapter Seven (Objective Three) investigated how IR quality affects firms' leverage structures.

Building on these empirical findings, Chapter Eight (Objective Four) developed a multi-theoretical IR framework tailored for SSA. This framework integrates evidence from the previous chapters into four interlinked domains; Drivers, Constraints, Strategic Outcomes, and Impacts on Performance, with organisational culture and audit quality acting as moderators that shape the translation of IR quality into measurable market and governance outcomes. The framework provides both a theoretical synthesis and a practical roadmap for strengthening IR quality and capital-market relevance across the region.

The present chapter draws together the findings, theoretical and policy contributions, and implications for practice. Section 9.2 summarises results against each objective; Section 9.3 highlights the empirical and theoretical contributions; Section 9.4 presents practical and policy recommendations; Section 9.5 outlines study limitations; Section 9.6 proposes future research directions; and Section 9.7 offers concluding reflections.

9.2 Summary of Findings

The four objectives and corresponding hypotheses guided the cumulative inquiry into how IR functions within SSA's institutional and market context.

a) Objective One - Determinants of IR Quality (H1a - H1d).

Results from the Fixed effects regressions revealed that IR quality depends on organisational and assurance attributes that are both costly and diagnostic. Firms with lower voluntary staff turnover and proportionate, stable assurance expenditure achieved higher IR quality, supporting H1a and H1b, which posited that cultural stability and proportional assurance enhance disclosure quality. In contrast, audit-committee meeting counts (H1c) and volatile fee trajectories (H1d), when unlinked to substantive oversight, had limited explanatory power. These findings affirm that IR quality reflects genuine stewardship and disciplined assurance rather than symbolic compliance, consistent with the Resource-Based View (RBV) and Legitimacy Theory.

b) Objective Two - Equity-Market Response (H2a - H2g).

Equity investors valued IR that demonstrated both narrative clarity and credible cultural signals. Higher IR quality was associated with stronger price-to-book multiples, with effects amplified where firms displayed workforce stability and balanced board tenure, thereby confirming H2b and H2c. These results align with Signalling and Stewardship theories, which suggest that investors reward substantive, cash-linked transparency while discounting symbolic disclosure. Audit-related signals mattered only when they reinforced independence; prolonged auditor tenure reversed the premium, supporting H2f, which predicted declining returns to entrenched assurance relationships.

c) **Objective Three - Leverage-Structure Effects (H3a - H3g).**

Creditors interpreted IR through a different lens. Leverage outcomes improved when audit fees were stable and proportionate to risk (H3e) and when auditor independence was visible (H3f). Extended auditor tenure, however, weakened perceived independence and was negatively associated with leverage resulting familiarity risk undermines monitoring value. Profitability, equity buffers, and firm size remained dominant controls, validating that IR complements but does not substitute for financial fundamentals.

d) **Objective Four - Framework Development (H4).**

The empirical patterns culminated in a multi-theoretical IR framework integrating RBV, Legitimacy, Institutional, Stakeholder, and Contingency logics. The findings supported H4, which posited that IR's performance impact is conditional on contextual and institutional enablers. Specifically:

a) Drivers (resources, governance quality, institutional pressure) promote substantive IR adoption and quality.
b) Constraints (weak enforcement, symbolic compliance, thin assurance infrastructure) erode quality.
c) Culture and audit quality moderate the IR outcome relationship, strengthening or weakening credibility.
d) Strategic outcomes (transparency, legitimacy, reputation) translate into performance impacts (valuation, leverage sustainability, stakeholder trust) only when institutions allow users to interpret and act on the information.

Collectively, the results demonstrate that IR in SSA is contingent: adoption alone is insufficient. Its benefits emerge only when credible internal (cultural) and external (assurance) supports exist within a robust institutional environment.

9.3 Empirical and Theoretical Contributions

The This study contributes substantively to the limited quantitative evidence on IR in emerging African markets. Drawing on a balanced ten-year panel of 67 listed firms, it provides one of the few large-sample, longitudinal analyses that link IR quality simultaneously to equity valuation and leverage structure within a SSA context. The study introduces verifiable, economically interpretable proxies, voluntary staff turnover, audit-fee proportionality and auditor tenure, as measurable moderators that capture the internal (cultural) and external (assurance) dimensions of quality reporting.

These findings expand upon the empirical gaps identified in the systematic literature review (Chapter Three), which highlighted the scarcity of audience-segmented and market-linked studies on IR in SSA (De Villiers, Rinaldi and Unerman 2014; Ahmed Haji and Anifowose 2016; Baboukardos and Rimmel 2016). Whereas prior research largely focused on descriptive adoption patterns or content-analysis of disclosure, this study employs econometric evidence to show that markets in SSA differentiate between substantive and symbolic IR practices. Specifically, investors reward firms that embed credible governance, workforce stability, and proportionate assurance, while lenders respond positively to auditor independence and fee consistency but penalise prolonged tenure or volatility.

The empirical contribution therefore lies in

a) validating that IR quality has quantifiable financial relevance in SSA,
b) demonstrating the moderating role of culture and audit quality in shaping that relevance and
c) providing replicable metrics that future research can integrate into disclosure-valuation models.

The results directly respond to the literature review's call for contextualised, multi-theoretical evidence linking IR quality to firm-level financing behaviour in emerging markets.

The Theoretical Contribution: This study also advances theory by empirically integrating multiple perspectives into a single, moderated causal pathway that captures how IR operates under varying institutional conditions:

a. Resource-Based View (RBV): Confirms that internal reporting, governance, and analytical capabilities represent rare and valuable resources that drive substantive IR adoption and sustain long-term disclosure quality. These firm-specific competences differentiate organisations that report symbolically from those that disclose meaningfully.
b. Legitimacy Theory: Demonstrates that legitimacy is earned through credible accountability rather than declared through volume or rhetoric. IR enhances legitimacy only when disclosures are supported by tangible cultural and assurance evidence that stakeholders can verify.
c. Institutional Theory: Validates that institutional voids, weak enforcement, symbolic compliance, and underdeveloped assurance markets, constrain the translation of IR adoption into substantive outcomes. These results empirically illustrate how thin institutional scaffolding allows form to replace substance, undermining stakeholder confidence.
d. Stakeholder and Contingency Theories: Explain the asymmetric reactions of equity and debt markets. Investors interpret IR through cultural and stewardship signals, while creditors emphasise assurance proportionality and auditor independence. This contingency underscores that IR's effectiveness is audience-specific and conditional on institutional maturity and governance credibility.

By empirically combining these theoretical perspectives, the study moves IR scholarship from descriptive observation toward an explanatory, multi-theoretical model that fits SSA's institutional heterogeneity. It contributes a novel conceptual bridge between global IR theory and the distinctive realities of emerging-market governance, showing that transparency produces value only when supported by credible internal resources, external assurance, and a conducive institutional environment.

9.4 Practical and Policy Recommendations

The proposed framework provides actionable guidance for key stakeholder groups:

a) Boards and Chief Financial Officers: Treat staff retention and proportionate assurance as strategic assets; link strategy, risk, and performance through concise risk-to-cash narratives; maintain consistent definitions for turnover and assurance proportionality; and review IR quality as part of governance oversight.
b) Audit Committees and Auditors: Align audit scope with IR material risks; ensure timely rotation of lead partners and firms to preserve independence; maintain fee stability relative to risk; and publish short assurance maps outlining risk and developing a procedure, reinforcing accountability and transparency.
c) Lenders, Analysts and Rating Agencies: Integrate IR-related metrics, turnover, fee stability, and auditor tenure, into credit assessments; treat deviations as risk flags; and use firms' business-model and risk-bridge disclosures to calibrate creditworthiness and leverage sustainability.
d) Regulators, Stock Exchanges and Institutional Investors: Promote a proportionate comply-or-explain framework requiring concise business-model statements, risk-to-cash bridges, defined indicators, assurance maps, and tenure/fee disclosures; focus supervision on substance rather than volume.

Together, these measures strengthen IR credibility without imposing undue cost, aligning practice with SDG 8 (Decent Work), SDG 12 (Responsible Production), SDG 16 (Strong Institutions), and SDG 17 (Partnerships for Transparency).

9.5 Study Limitations

This study sits on a balanced 67-firm panel. That scope helps with comparability but limits generalisation. State-owned enterprises (SOEs) are not in the sample, so results may not travel cleanly to these organisational forms. The IR quality score, while anchored in a rubric, retains some subjectivity, and book-leverage omits off-balance-sheet exposures (e.g., long leases, supplier financing). As with any field study, unobserved shocks (policy changes, foreign exchange swings, commodity spikes) could leave residual endogeneity or invite reverse-causality concerns. Finally, SSA is not one market: findings may not port wholesale to francophone or upper-middle-income African contexts with different legal, linguistic and listing traditions.

Data realities also matter. The SSA region is an emerging economic area for, and the quality, consistency and availability of firm-level data are uneven compared with developed markets. Human Resource (HR) systems vary, so voluntary staff-turnover can be defined or captured differently across firms; audit-fee disclosures are not always split comparably between audit and non-audit lines; and some issuers publish thin Key Performance Indicators (KPI) metadata. These frictions can add noise to estimates and slow replication.

Finally, Bloomberg's IR metric, while consistent, may not capture qualitative nuances of integrated thinking.

9.6 Future Research Directions

Future research should deepen and extend these findings by:

a) testing digital-assurance innovations (AI- or blockchain-based) for their ability to replicate credibility at lower cost;
b) conducting event or stress-window studies to observe whether credible IR buffers firms during macro shocks;
c) applying behavioural analytics (eye-tracking, clickstream) to measure how investors and lenders actually process IR content;
d) performing cross-regional comparisons (anglophone vs francophone vs lusophone) to test how legal-institutional contexts shape diagnostic signalling; and
e) employing dynamic or non-linear panel models to capture lagged or threshold effects in IR-financing relationships.

These strands would refine the framework's explanatory power and support a regionally adaptive, evidence-driven IR agenda.

9.7 Final Remarks

SSA's IR environment presents a paradox of widespread adoption but uneven quality. This study, therefore, demonstrates that the distinction lies not in the number of disclosures but in their substance, the costly, verifiable signals that markets trust. By empirically identifying the organisational and assurance levers that underpin credible reporting, and by embedding them in a multi-theoretical, evidence-based framework, this research bridges theory and practice.

Conceptually, it advances global IR scholarship by modelling how internal resources, institutional conditions, and stakeholder contingencies jointly determine IR's value relevance. Empirically, it offers rare, large-sample evidence from SSA, demonstrating that transparency generates measurable benefits only when anchored in c governance and assurance systems. Practically, it delivers a workable roadmap for boards, auditors, and regulators to strengthen IR quality without inflating compliance costs.

Applied progressively, the framework can help SSA firms move from compliance to credibility, transforming IR from a symbolic exercise into a trusted mechanism of governance, accountability and sustainable value creation. The next step is dissemination, embedding these principles into policy, education and professional practice so that IR becomes a lasting instrument for equitable access to capital and resilient growth across SSA.

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APPENDIX A:
LANGUAGE EDITING CERTIFICATE

|LEGAL|PROFESSIONAL|EXCELLENCE|

SUBRAMONEY & ASSOCIATES INC.
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2021/514327/21

24 October 2025

LANGUAGE EDITING CERTIFICATE

TO WHOM IT MAY CONCERN

I, Melissa Bisoonlal,

hereby certify that I have completed the language and technical editing of the thesis prepared by:
Sharanam Sharma Abbana (21649424)
entitled:
A Multidimensional Analysis of Integrated Reporting Practice and its Impacts on Firms' Valuation: Evidence from Sub-Saharan Africa

Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Accounting at the Durban University of Technology.

I confirm that the document has been edited for grammar, spelling, punctuation, sentence structure, and overall academic language use. However, I do not take responsibility for any subsequent changes made to the text after the editing process.

Any queries relating to the language or technical editing of this document may be directed to me at melissa@sublaw.co.za.

Melissa Bisoonlal (LLB)
Attorney, Conveyancer & Notary Public
SUBRAMONEY & ASSOCIATES INC.

"Legal professionals, connecting with care and serving with excellence"

APPENDIX B:

ETHICAL CLEARANCE LETTER

Date: 16 September 2025

Ref No: C1REC52/25

To: Sharanam Abbana
Student ID: 21649424
Degree/Diploma: PhD in Accounting

Subject: Ethics Review Exemption for Research Study

Dear Sharanam,

Thank you for submitting your research proposal titled **A Multidimensional Analysis of Integrated Reporting Practice and its impacts on Firms' Valuation: Evidence from sub-Saharan Africa** for ethics consideration.

After careful review by DRC and FRC, the study has been **granted an exemption from full ethics review**. This determination is based on the nature of your research, which has been assessed to involve **no more than minimal risk** to participants and does not involve any vulnerable populations or sensitive topics.

As such, your study meets the criteria for exemption under the and no further ethics review is required at this time.

Please note the following:

- This exemption is **valid for a period of one (1) year** from the date of this letter.
- Should there be any **significant changes** to your study design, methodology, or participant involvement, you are required to notify the Ethics Committee immediately for re-evaluation.
- You are still expected to conduct your research in accordance with ethical principles, including informed consent, confidentiality, and data protection.

We wish you success in your research and are available should you require further guidance.

Sincerely,

Professor Pfano Mashau

IREC Chairperson

APPENDIX C:

TURNITIN SIMILARITY REPORT

ORIGINALITY REPORT

4%	3%	3%	1%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	stec.univ-ovidius.ro Internet Source	<1%
2	fmv.euba.sk Internet Source	<1%
3	digitalcommons.kennesaw.edu Internet Source	<1%
4	link.springer.com Internet Source	<1%
5	Submitted to Queen's University of Belfast Student Paper	<1%
6	Khatlisi, Mbalenhle. "The Value Relevance of Integrated Reporting in South Africa and the United Kingdom", University of South Africa (South Africa) Publication	<1%
7	Gunnar Rimmel. "Accounting for Sustainability", Routledge, 2025 Publication	<1%
8	Ika Permatasari, Bambang Tjahjadi. "A closer look at integrated reporting quality: a systematic review and agenda of future research", Meditari Accountancy Research, 2023 Publication	<1%