EXPLORING THE DRIVERS AND BARRIERS OF SUSTAINABILITY REPORTING PRACTICES IN GHANAIAN SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

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Author’s Declaration

This dissertation is my intellectual property. No group of students, researchers, or any student has submitted to any university elsewhere for the award of any academic degree. All ethical considerations have been met, and all materials used in the preparation of the dissertation have been referenced. This dissertation has been prepared based on the requirements of the dissertation preparation at Bournemouth University.

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Abstract

Sustainability reporting is increasingly regarded as essential for ensuring accountability and enhancing competitiveness; however, its adoption among Small and Medium-Sized Enterprises (SMEs) in Ghana remains limited. This study investigates the preparedness of SMEs for sustainability reporting, with a focus on the interaction between internal capabilities and external institutional pressures that facilitate or impede this adoption. Grounded in the Resource-Based View (RBV) and Institutional Theory, the research is guided by two primary objectives: first, to examine how factors such as leadership commitment, organizational culture, financial capacity, and technical expertise influence internal readiness; and second, to evaluate the effects of regulatory frameworks, market dynamics, and institutional support systems. Employing an interpretivist philosophical approach and qualitative methodology, the study involved semi-structured interviews with seven carefully selected participants from sectors including finance, healthcare, textiles, waste management, and agriculture within the Greater Accra and Central Regions. Thematic analysis, following the framework established by Braun and Clarke, facilitated a systematic identification of patterns across the cases. The findings suggest that the readiness of SMEs for sustainability reporting is not determined solely by resources or institutional pressures, but rather by the alignment of these factors. The presence of visionary leadership and adaptive organizational cultures significantly enhances preparedness, while constraints such as limited financial resources and expertise hinder progress. Externally, regulatory and market pressures promote sustainability reporting; however, inconsistent enforcement and insufficient institutional support can undermine their effectiveness. This study contributes to the understanding of sustainability reporting by focusing on SMEs in emerging economies and offers practical recommendations, including the implementation of incentive-based policies, targeted sector-specific training, and the strengthening of institutional collaboration to foster broader adoption.

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Chapter 1: Introduction

1.1 Background to the Study

Sustainability reporting (SR) has become a vital mechanism for promoting transparency, accountability, and long-term commitment to responsible business practice (Rusu et al., 2024). Broadly defined, SR involves the systematic disclosure of non-financial information on environmental, social, and governance (ESG) issues, enabling stakeholders to assess how firms impact society and the natural environment (Christensen et al., 2021; Darnall et al., 2022). The growing salience of SR is closely linked to global concerns about climate change, resource depletion, widening inequalities, and corporate governance failures (Mishra, 2023). For many organisations, SR has shifted from a voluntary activity to a strategic imperative that strengthens legitimacy, improves investor confidence, and enhances long-term competitiveness (Permatasari & Gunawan, 2023).

The institutionalisation of SR at the global level is evident in the dramatic rise in corporate reporting practices. According to the KPMG Survey of Sustainability Reporting (2022), 96% of the world's 250 largest companies publish sustainability reports, compared to only 35% in 1999. This growth has been reinforced by international frameworks such as the Global Reporting Initiative (GRI), the International Integrated Reporting Framework (IIRF), and the Sustainability Accounting Standards Board (SASB), which provide standardised guidelines to ensure comparability and credibility (Deepak et al., 2024). Similarly, regulatory initiatives, including the European Union's Corporate Sustainability Reporting Directive (CSRD), mandate comprehensive non-financial disclosure (Pantazi, 2024; Hummel & Jobst, 2024). Voluntary global commitments, such as the UN Global Compact and the Sustainable Development Goals (SDGs), further create normative pressure for firms to embed sustainability principles into their operations (Rasche, 2020; Ribeiro et al., 2024). Together, these mechanisms highlight how SR has become both a regulatory requirement and a strategic practice shaping the global business landscape.

In developed economies, SR has matured into a well-established dimension of corporate governance and strategic communication (Levy et al., 2010; Kargbo et al., 2025). Firms in regions such as the European Union, North America, and Japan have integrated sustainability reporting into mainstream management and accountability systems, supported by stringent regulations, advanced technological infrastructure, and well-developed capital markets (Kinderman, 2020; Singhania et al., 2024). These contexts are characterised by strong institutional frameworks, consistent policy enforcement, and a culture of corporate transparency that reinforces accountability to diverse stakeholders (Camilleri, 2018; Hummel & Jobst, 2024; Singhania et al., 2024). Moreover, the presence of sustainability-focused investors and active civil society organisations has created powerful normative and market pressures that encourage corporations to adopt comprehensive, standardised, and verifiable reporting practices (Afolabi et al., 2024; Tariq, 2025). Consequently, sustainability reporting in developed economies is not only a compliance requirement but also a competitive strategy that enhances brand legitimacy, attracts investors, and improves risk management across global markets (Michelon et al., 2020).

In contrast, sustainability reporting in emerging economies has evolved more unevenly, shaped by contextual challenges and institutional limitations (Mahmood & Uddin, 2021; Afolabi, 2025). Although countries such as South Africa, India, and Brazil have introduced sustainability disclosure mandates and stock exchange requirements to encourage adoption, implementation remains inconsistent and often symbolic rather than substantive (Arrive et al., 2017; Wachira et al., 2020; Dissanayake, 2023). Many firms in these economies approach sustainability reporting as a means to attract foreign investment or meet donor-driven expectations rather than as an embedded organisational practice (Errecaborde, 2020;

Owilly, 2024). The lack of adequate policy enforcement, coupled with limited access to data management systems and trained personnel, often constrains the quality and credibility of disclosures (Brown et al., 2009; Aureli et al., 2020). Nonetheless, there is increasing recognition that sustainability reporting can enhance business competitiveness, strengthen stakeholder relations, and align enterprises with global ESG expectations (Agbakwuru et al., 2024; Mol et al., 2025). Thus, emerging economies are gradually transitioning from compliance-driven to value-driven reporting, albeit within fragile institutional contexts.

A comparative reflection on developed and emerging economies reveals fundamental differences in both the enablers and drivers of sustainability reporting. In developed economies, SR adoption is propelled by a triad of coercive, normative, and mimetic pressures that are reinforced through mature institutional systems, professional standards, and market-based accountability mechanisms (Mahmood et al., 2019; Mahmood & Uddin, 2021). Conversely, in emerging economies, SR diffusion depends more heavily on firm-specific initiative and leadership commitment than on institutional enforcement (Yahaya, 2024; Huang et al., 2025; Gund et al., 2025). Weak governance systems, low public awareness, and limited financial resources mean that internal capabilities, such as management vision, organisational culture, and human capital, often determine whether SR practices are initiated and sustained (Mukhuty et al., 2022; Seronato & Martins, 2024; Alonso-Almeida et al., 2017). Therefore, while global frameworks provide overarching guidance, contextual realities dictate the degree to which such frameworks are meaningfully applied across different economies.

Despite the global expansion of sustainability reporting, small and medium-sized enterprises (SMEs) remain the least represented in SR practice and scholarship, even though they constitute the backbone of most economies (Martins et al., 2022; Factor & Ulhøi, 2021). SMEs account for more than 90% of global firms and over 50% of total employment

(AU/UNECA/AFDB/UNDP, 2023), yet their contribution to sustainability reporting remains marginal. This gap is particularly pronounced in Sub-Saharan Africa, where SMEs drive economic growth, innovation, and livelihoods (Mugano, 2023; Mugano & Dorasamy, 2023). For example, in Ghana, SMEs contribute approximately 70% to GDP and employ about 85% of the workforce (Abor & Quartey, 2010; Amoah et al., 2022), underscoring their central role in national development. However, despite their economic relevance, fewer than 38.3% of Ghanaian SMEs engage in formal sustainability reporting (Owusu et al., 2024; Owusu et al., 2025). This imbalance between SMEs' socio-economic importance and their limited participation in SR raises significant policy and research concerns (Omowole et al., 2024).

The limited adoption of SR among Ghanaian SMEs can be attributed to a combination of internal and external factors. Internally, the absence of formal governance structures, constrained financial resources, and insufficient technical capacity hinder the integration of sustainability into business strategy (Leonidou et al., 2017; Álvarez Jaramillo et al., 2019). Leadership commitment and organisational culture are especially influential, as SMEs are typically owner-managed, with decisions closely reflecting the values and priorities of the business owner (Kindström et al., 2024). Externally, weak institutional enforcement, fragmented regulatory frameworks, and a lack of long-term support mechanisms contribute to inconsistent and often reactive engagement with sustainability reporting (Lux, 2025). Together, these challenges reflect the broader structural and resource constraints that characterise developing economies.

To better understand these dynamics, the present study integrates insights from Institutional Theory and the Resource-Based View (RBV). Institutional Theory (DiMaggio & Powell, 1983) explains how organisational behaviour is shaped by coercive (regulatory), normative (societal), and mimetic (peer) pressures. These external influences create legitimacy incentives for firms to align with accepted norms, such as sustainability reporting. Meanwhile, the Resource-Based View (Barney, 1991) provides an inward-looking perspective, focusing on how firms leverage their unique resources, leadership, culture, financial strength, and technical expertise to achieve competitive advantage and sustain strategic initiatives like SR. The integration of these two frameworks allows for a comprehensive understanding of how external institutional pressures interact with internal capabilities to shape SME readiness for sustainability reporting.

Accordingly, this study seeks to fill an important research gap by exploring how internal and external factors collectively influence the adoption and implementation of sustainability reporting among Ghanaian SMEs. By examining leadership commitment, organisational culture, financial and technical capacity, alongside government policy, market pressures, and institutional support, the study develops an integrated framework that reflects the contextual realities of developing economies. Theoretically, it extends the application of Institutional Theory and RBV to contexts where institutional fragility and resource scarcity coexist. Practically, it contributes to the formulation of policies and strategies that can support SMEs in integrating sustainability reporting into their operations as a means of enhancing competitiveness, transparency, and long-term growth.

In summary, while sustainability reporting has been institutionalised and widely adopted among large corporations in developed economies, SME, particularly in Ghana, remain at the margins of this global trend. The lack of integrative research that examines both firm-level capacities and institutional environments has created a significant knowledge gap. This study, therefore, provides a contextually grounded and theoretically informed exploration of how Ghanaian SMEs navigate the challenges and opportunities of sustainability reporting, offering new insights into the pathways through which they can transition from informal sustainability practices to structured, impactful, and credible reporting frameworks.

1.2 Problem Statement

Small and medium-sized enterprises (SMEs) constitute a critical pillar of Ghana's economy, contributing significantly to employment creation, innovation, and socio-economic development (Seth & Alfred, 2018; Abor & Quartey, 2010). Despite this central role, SMEs remain underrepresented in the global movement toward sustainability reporting (SR), the systematic disclosure of environmental, social, and governance (ESG) information (Adjabeng & Osei, 2022; Shalhoob & Hussainey, 2023). As SR has evolved from a voluntary exercise into a strategic necessity, it has become a defining feature of contemporary business transparency and accountability. Globally, SR enhances stakeholder confidence, improves investor attractiveness, and strengthens competitive advantage (Shabir & Khalid, 2025). However, Ghanaian SMEs' limited engagement in SR constrains their visibility, credibility, and access to ESG-linked opportunities in an increasingly sustainability-conscious global marketplace.

In developed economies, SR has become deeply institutionalised within corporate practice through robust regulatory systems, market enforcement, and well-defined reporting frameworks such as the Global Reporting Initiative (GRI) and the EU's Corporate Sustainability Reporting Directive (CSRD) (Hummel & Jobst, 2024; Deepak et al., 2024). Firms in these contexts view SR as an essential tool for achieving legitimacy and strategic alignment with investor and consumer expectations (Christensen et al., 2021). Similarly, in emerging economies such as South Africa, Brazil, and India, mandatory disclosure policies, stock exchange regulations, and sustainability indices have significantly expanded SR adoption (Arrive et al., 2017; Dissanayake, 2023). These advances, however, are largely concentrated in large corporations and publicly listed firms, supported by relatively stronger institutional frameworks and market mechanisms.

By contrast, the situation in Ghana, and Sub-Saharan Africa more broadly, differs considerably. Although SMEs dominate Ghana's private sector, accounting for about 70% of GDP and 85% of employment (Abor & Quartey, 2010; Adjabeng & Osei, 2022), fewer than 38.3% engage in any form of sustainability disclosure (Owusu et al., 2024). Most existing research on SR in Africa either generalises from larger firms or focuses on countries with more formalised economies, leaving Ghana's context underexplored (Baah et al., 2023; Durrani et al., 2024). Consequently, what is known about SR adoption derives mainly from institutional environments that differ sharply from Ghana's weaker regulatory structures and informal business landscape. This lack of context-specific evidence limits understanding of how Ghanaian SMEs interpret, prioritise, and implement SR.

Empirical studies to date have largely emphasised external pressures, such as regulation, market expectations, and stakeholder influence, as the primary drivers of SR (Westman et al., 2019; Abdul-Basit et al., 2024; Kraus et al., 2020). Yet, such perspectives overlook the distinct internal characteristics of SMEs. Unlike large corporations, SMEs often exhibit highly centralised decision-making, where the values, ethics, and priorities of owner-managers significantly shape organisational behaviour (Seronato & Martins, 2024). Research in developed countries indicates that leadership vision and organisational culture profoundly influence the extent to which sustainability principles are adopted (Alonso-Almeida et al., 2017; Suriyankietkaew et al., 2022). However, in Ghana, empirical evidence on how these internal dimensions, particularly leadership commitment, organisational culture, and resource capability, affect SR adoption remains scarce. This omission constrains the development of interventions that could leverage intrinsic motivation alongside institutional support.

In addition, much of the existing literature relies on earlier conceptualisations of SR that primarily focused on environmental disclosure. Over the past decade, SR has evolved into a multidimensional ESG framework encompassing human rights, social equity, and governance accountability (Du Toit, 2024; Purwandani & Michaud, 2021). Yet, many SME-oriented studies predate these shifts and therefore fail to capture the current realities of global sustainability discourse (Durrani et al., 2024). Without updated and contextually grounded research, both policymakers and development partners risk designing interventions based on outdated assumptions that fail to address contemporary challenges.

The theoretical landscape of SR in developing-country SMEs also remains fragmented. Institutional Theory (DiMaggio & Powell, 1983) has long been used to explain how coercive, normative, and mimetic pressures drive organisational behaviour. However, most applications presuppose strong institutional environments, limiting their explanatory power in weakly enforced settings such as Ghana (Lomatey et al., 2020). The Resource-Based View (RBV), on the other hand, emphasises how firm-specific capabilities, such as leadership, financial capacity, and technical expertise, can foster competitive advantage (Barney, 1991). Yet, its application to SMEs in Sub-Saharan Africa remains limited, and even fewer studies have integrated RBV and Institutional Theory to explain how internal resources interact with external pressures in shaping SR adoption. This theoretical fragmentation underscores a critical gap in explaining the dual influence of institutional weakness and resource scarcity on Ghanaian SMEs' sustainability practices.

Taken together, three interrelated problems emerge. First, the SR literature disproportionately focuses on large firms and developed economies, leaving Ghanaian SMEs understudied despite their economic importance. Second, internal drivers, such as leadership commitment, organisational culture, and resource capability, remain inadequately examined in Ghana's SME sector. Third, theoretical integration between Institutional Theory and the Resource-Based View is underdeveloped, leaving the interplay between internal and external determinants insufficiently understood.

This study, therefore, addresses these gaps by empirically examining the internal and external factors that influence SR adoption among Ghanaian SMEs. By integrating Institutional Theory and RBV, it provides a comprehensive analytical framework that captures how organisational capacities interact with institutional forces to shape reporting behaviour. Ultimately, the study contributes to both theory and practice by generating context-specific insights to guide policymakers, development partners, and industry associations in promoting more inclusive and effective sustainability reporting among SMEs in Ghana.

1.3 Aims of the Study

This study aims to examine how internal factors, such as leadership commitment, managerial orientation, organisational culture, and resource capacity, and external pressures, including regulatory frameworks, market dynamics, and institutional support, jointly influence the awareness and readiness of Ghanaian SMEs to adopt sustainability reporting.

1.4 Research Questions

The research questions for this study are as follows:

1. How do internal factors influence the awareness and readiness of Ghanaian SMEs to engage in sustainability reporting?
2. What is the impact of external factors on the preparedness of Ghanaian SMEs to adopt sustainability reporting?

1.5 Significance of the Study

This study addresses the limited engagement of small and medium-sized enterprises (SMEs) in Ghana with sustainability reporting, a structured process through which organisations disclose their environmental, social, and governance (ESG) impacts. Although SMEs play a critical role in job creation, industrialisation, and economic diversification, many of them lack the necessary mechanisms, resources, and motivation to adopt sustainability reporting practices (Martins et al., 2022). This gap is particularly significant as the absence of such practices can undermine business transparency, weaken stakeholder trust, and reduce long-term competitiveness in an increasingly sustainability-oriented global economy.

As the international business landscape continues to evolve towards more responsible and transparent corporate behaviour, sustainability reporting is gaining recognition as a strategic tool for improving operational efficiency, attracting investor confidence, and achieving regulatory compliance. Nevertheless, in the Ghanaian context, there remains a limited understanding of the internal and external factors that influence SMEs’ awareness of and readiness to engage in sustainability reporting. Addressing this knowledge gap is essential for developing effective, evidence-based interventions that support SMEs in aligning with global ESG expectations while contributing to national development goals.

Therefore, this study is particularly relevant as it explores both the drivers and barriers influencing SMEs’ engagement with sustainability reporting. In particular, it focuses on internal drivers such as leadership practices, managerial attitudes, perceived benefits, and organisational capabilities. Simultaneously, it examines external influences including government policies, institutional frameworks, market forces, and regulatory pressures. By investigating the interplay between these factors, the study seeks to generate empirical insights that reflect the realities of SMEs operating in a developing economy.

Moreover, the study examines government policies and institutional support systems, including tax incentives, ESG compliance mechanisms, and capacity-building programmes, that support SMEs in sustainability reporting. These findings hold practical significance for policymakers, regulators, and development partners who aim to create a more enabling environment for corporate sustainability among SMEs.

Equally, the study carries theoretical significance by extending the application of

Institutional Theory and the Resource-Based View (RBV) to the under-researched context of Ghanaian SMEs. By integrating these perspectives, the research not only explains how internal and external factors individually shape reporting practices but also illustrates how their interaction influences adoption. This contributes to advancing sustainability reporting scholarship in Sub-Saharan Africa, where SMEs are economically central but academically overlooked.

Ultimately, this research contributes to the limited body of qualitative scholarship on sustainability reporting in sub-Saharan Africa. It provides context-specific knowledge that can inform future academic inquiry, enhance the formulation of inclusive and adaptive sustainability policies, and guide the design of targeted business development initiatives. By doing so, the study supports the broader objective of promoting sustainable, transparent, and accountable business practices within Ghana's SME sector.

1.6 Why Ghana Provides an Appropriate Research Setting

Ghana offers a particularly relevant and insightful context for examining SME sustainability reporting due to its economic structure, institutional environment, and evolving sustainability agenda. SMEs constitute approximately 85% of Ghana's private sector and contribute about 70% of GDP, making their engagement in sustainability practices central to national development (Abor & Quartey, 2010; Ghana Statistical Service, 2023). At the same time, Ghana represents a hybrid African context: it has relatively stable political and regulatory institutions and increasing exposure to global sustainability expectations, yet SMEs continue to face constraints such as limited financial resources, weak enforcement of environmental regulations, and low technical capacity (Amoako & Lyon, 2020). This combination of institutional maturity and operational challenges positions Ghana as an illustrative case for understanding how internal and external factors shape SME readiness for sustainability reporting. Insights from Ghana, therefore, contribute not only to national discourse but also to broader African sustainability reporting literature, particularly in emerging economies with similar SME-driven structures (Mensah, 2019).

1.7 Scope of the Study

This study is focused on exploring the internal and external factors that influence the awareness, readiness, and potential adoption of sustainability reporting among small and medium-sized enterprises (SMEs) in Ghana. Geographically, the scope of the study is delimited to the Greater Accra Region and the Central Region, which together provide a representative balance of urban and semi-urban contexts within Ghana's SME landscape. Greater Accra, as the country's commercial and financial hub, hosts a high concentration of SMEs operating across diverse sectors, thereby offering insights into how institutional pressures and market dynamics shape sustainability practices in highly competitive environments. In contrast, the Central Region, with its mix of semi-urban and emerging industrial areas, reflects the realities of SMEs that often operate with more constrained resources and less regulatory oversight. Examining both regions, therefore, provides a comparative lens through which to assess the interplay of internal capabilities and external pressures across different geographical and institutional contexts.

Thematically, the study concentrates on both internal drivers, such as leadership commitment, managerial attitudes, perceived strategic benefits, and resource capabilities, and external factors, including government policies, regulatory frameworks, market pressures, and institutional support systems. The study does not assess the technical content or quality of existing sustainability reports but rather focuses on the motivational and contextual factors that shape SME decisions regarding sustainability reporting in Ghana.

Methodologically, the research employs a qualitative approach to gain in-depth insights into the perceptions, experiences, and challenges faced by SME owners and managers. As such, the findings are context-specific and are not intended to be generalised across all SMEs in Ghana. However, the results offer a valuable foundation for understanding the broader conditions that influence sustainability reporting in similar settings.

Temporally, the study is framed within the contemporary period of increased global focus on ESG integration and sustainable development, reflecting recent developments in sustainability standards, investor expectations, and policy shifts.

In sum, the study is delimited to investigating the awareness, readiness, and influencing factors related to sustainability reporting among Ghanaian SMEs, rather than measuring implementation outcomes or the impact of existing reports. The scope is deliberately designed to provide a nuanced and policy-relevant understanding of how Ghanaian SMEs can be better supported to engage with sustainability reporting practices in line with global trends.

1.8 Organisation of the Study

This study involves chapters. Chapter 1 introduces the study, including the background, problem statement, aims and objectives, research questions, significance, and the scope of the study. Chapter 2 delves into an extensive literature review, exploring a wide array of theoretical, conceptual, and empirical perspectives on the drivers and barriers influencing sustainability reporting practices among SMEs in Ghana. The chapter also provides a conceptual framework that clarifies the relationships among these variables. In Chapter 3, the research methodology is presented. This chapter discusses the research design and approach, a description of the study area, sample, and sampling techniques, data collection instruments, and the validity and reliability of the instruments. It also presents the data collection procedures, ethical issues, and data analysis procedures. Chapter 4 presents findings and discussions of the research, while Chapter 5 concludes the entire study by providing actionable recommendations for policy and practice, as well as suggestions for further research on Ghanaian SMEs.

Chapter 2: Literature Review

This chapter presents a comprehensive review of literature on sustainability reporting (SR), with a focus on its adoption by small and medium-sized enterprises (SMEs) in Ghana. It defines SR, traces its evolution, and contrasts practices between developed and emerging economies, highlighting differences in regulatory frameworks, institutional enforcement, and firm capabilities. The chapter examines internal and external factors influencing SR adoption, such as leadership commitment, managerial awareness, organisational capacity, regulatory structures, institutional support, and stakeholder pressures, emphasizing their relevance for resource-constrained SMEs. It further identifies gaps in existing research, particularly the limited empirical focus on SMEs in Sub-Saharan Africa, and establishes the study's rationale. Finally, the chapter outlines the theoretical framework, employing Institutional Theory and the Resource-Based View to explain how institutional pressures and organisational resources shape SMEs' engagement with sustainability reporting, thereby situating the study within the broader discourse on SR and its role in SME development in Ghana.

2.1 Sustainability Reporting

Sustainability reporting (SR) has evolved into a foundational pillar of modern corporate accountability and governance (Permatasari & Gunawan, 2023). It represents a structured and systematic process through which organisations disclose information on their environmental, social, and governance (ESG) impacts, as well as their strategies and performance in advancing sustainable development (Sommer, 2017; Permatasari & Gunawan, 2023; Feng, 2025). Unlike traditional financial reporting, which captures only economic outcomes, SR incorporates non-financial dimensions to provide a holistic understanding of how organisations interact with, and affect, their broader ecological and social systems (Permatasari & Gunawan, 2023; Yip et al., 2024). Conceptually, SR functions both as a communication mechanism, promoting transparency and stakeholder trust, and as a strategic management tool guiding internal decision-making, innovation, and performance improvement (Yip et al., 2024; Herremans et al., 2016).

Historically, SR originated from environmental disclosures in the late twentieth century, focusing on resource use, waste management, and pollution control (Yip et al., 2024). Over time, however, it expanded to encompass social and governance dimensions such as labour rights, diversity, ethical conduct, and corporate governance (Permatasari & Gunawan, 2023; Yip et al., 2024). This evolution reflects a global shift from environmental protection to holistic sustainability that integrates economic viability, social responsibility, and ecological stewardship (Setyaningsih et al, 2024; Lozano, 2015). Consequently, SR now aligns closely with the United Nations Sustainable Development Goals (SDGs), enabling firms to demonstrate how their operations contribute to global sustainability priorities (Williams et al., 2019).

To ensure comparability and credibility, SR is guided by international frameworks and standards. The Global Reporting Initiative (GRI, 2023) remains the most widely adopted framework, complemented by the Sustainability Accounting Standards Board (SASB) and the International Sustainability Standards Board (ISSB) standards (OECD, 2022; IFRS Foundation, 2024). These frameworks define material sustainability topics, prescribe relevant indicators, and enhance the quality of disclosures across different sectors and jurisdictions (ESG Post, 2024). For instance, the GRI Standards are now adopted by approximately 71% of the largest 100 companies (N100) in 58 countries and by 77% of the world's 250 largest multinationals (G250) (ESG Post, 2024; Bais, Nassimbeni, & Orzes, 2024). Regionally, adoption rates reach 75% in the Asia-Pacific, 71% in Europe, 70% in the Americas, and 64% in the Middle East and Africa (Reporting Academy, 2024). Similarly, the International Federation of Accountants (IFAC, 2025) reported that 73% of large companies in G20 countries obtained assurance on at least some of their sustainability disclosures in 2023, underscoring the growing demand for credible data.

From a regulatory standpoint, SR is increasingly shifting from voluntary to mandatory disclosure. The European Union's Corporate Sustainability Reporting Directive (CSRD) now requires large companies to report under the European Sustainability Reporting Standards (ESRS), marking a major institutional milestone (European Commission, 2023; Hummel & Jobst, 2024; Normative, 2024). This tightening of disclosure obligations has heightened coercive institutional pressures on firms to provide transparent, verifiable, and comparable sustainability information (DiMaggio & Powell, 1983; Mahmood & Uddin, 2021). At the same time, stakeholder confidence remains fragile; 94% of investors suspect that many corporate sustainability reports contain unsubstantiated or exaggerated claims, highlighting the risk of "greenwashing" (PwC, 2024; Shabir & Khalid, 2025).

Conceptually, SR encompasses four interrelated dimensions: (1) strategy and governance, involving the integration of sustainability into leadership and long-term vision; (2) risk and opportunity management, addressing ESG-related threats and prospects; (3) performance measurement and management, centred on the continuous tracking of sustainability metrics; and (4) reporting and assurance, ensuring transparency and verification through independent audits (Cho et al., 2023; Manetti & Toccafondi, 2012). Together, these dimensions reinforce SR's dual role as both an internal performance-management mechanism and an external legitimisation instrument (De Micco et al., 2021; Deegan, 2014).

Nevertheless, SR adoption remains uneven across regions. OECD (2023) data indicate that only 19% of listed firms globally published a sustainability or integrated report in 2021, although these represented 84% of global market capitalisation (US$103 trillion). This concentration illustrates how SR is dominated by large corporations, while smaller firms, especially in emerging economies, remain under-represented due to institutional and resource limitations (OECD, 2022, 2025; Ikpor et al., 2022; Acheampong et al., 2024). In developed economies, robust regulations, investor activism, and sophisticated sustainability cultures promote formalised reporting (Hummel & Jobst, 2024; KPMG, 2024). Conversely, in emerging economies, reporting is often fragmented, compliance-oriented, and constrained by weak governance, limited expertise, and cost barriers (Igwe et al., 2023; Binaluyo, 2024).

In synthesising the global discourse, SR emerges as both a conceptual and practical cornerstone of sustainable corporate management. In developed economies, SR serves as a mature governance instrument anchored in institutionalised reporting traditions that promote innovation, accountability, and long-term value creation (KPMG, 2024; Gund et al., 2025). In contrast, emerging economies are still transitioning toward institutionalising SR, often balancing voluntary initiatives with growing regulatory and supply-chain pressures (Acheampong et al., 2024; Yongfu et al., 2025). Despite these differences, the fundamental rationale persists: SR integrates sustainability into organisational culture and strategy, fostering legitimacy and competitiveness.

For small and medium-sized enterprises (SMEs), SR plays a transformative role. Although SMEs face financial, technical, and human-capacity constraints (Hossain et al., 2022; Abdul Basit et al., 2024), simplified or sector-specific SR frameworks can enhance stakeholder confidence, access to green finance, and market competitiveness (Guerrero-Baena et al., 2024; OECD, 2024; G20/OECD, 2023). Ultimately, sustainability reporting, irrespective of firm size or geography, offers a strategic pathway for embedding sustainability into decision-making, improving legitimacy, and contributing to collective global sustainable-development objectives.

2.2 Sustainability Reporting in Developed Economies

Sustainability reporting (SR) in developed economies has evolved into a mature and institutionalised component of corporate governance, reflecting a deep integration of environmental, social, and governance (ESG) considerations into strategic and operational management (OECD, 2022; KPMG, 2024). In these contexts, SR is no longer a voluntary exercise in transparency but a regulatory, normative, and competitive expectation that defines responsible corporate behaviour (IFAC, 2025; European Commission, 2023). Over the past two decades, the notion of corporate sustainability disclosure has transitioned from a peripheral communication tool to a central pillar of mainstream financial and strategic reporting (Lozano, 2015; Hummel & Jobst, 2024). This transformation has been propelled by strong regulatory frameworks, investor activism, and stakeholder pressure, which collectively reinforce the importance of sustainability as a determinant of long-term corporate legitimacy and resilience (GRI, 2023; OECD, 2023).

In Europe, the European Union (EU) has taken a leading role in institutionalising SR through a comprehensive, legally binding regulatory architecture (European Commission, 2023). The introduction of the Corporate Sustainability Reporting Directive (CSRD) in 2022 marked a watershed moment in corporate accountability, replacing the earlier Non-Financial Reporting Directive (NFRD) and expanding the scope of mandatory disclosure to encompass roughly 50,000 large and listed SMEs across the EU (Normative, 2024; Hummel & Jobst, 2024). These companies must now report in accordance with the European Sustainability Reporting Standards (ESRS), aligned with global frameworks such as the GRI and the International Sustainability Standards Board (ISSB) under the IFRS Foundation (IFRS Foundation, 2024). This harmonisation effort reflects a concerted drive to ensure consistency, comparability, and reliability of sustainability data across borders, thereby addressing persistent fragmentation in earlier reporting regimes (OECD, 2023; IFAC, 2025).

Beyond the EU, regulatory momentum is accelerating across other developed jurisdictions. The United States Securities and Exchange Commission (SEC, 2023) has proposed mandatory climate-related disclosure rules for public companies, requiring reporting on greenhouse-gas emissions, climate risks, and sustainability governance structures. Japan's Financial Services Agency has embedded sustainability criteria into its Corporate Governance Code, while Canada, the United Kingdom, and Australia are aligning national standards with the ISSB framework (IFRS Foundation, 2024; KPMG, 2024). Collectively, these initiatives signify a paradigm shift toward the mainstreaming of SR within corporate law and financial disclosure systems (OECD, 2023; G20/OECD, 2023).

Complementing these regulatory drivers are powerful market-based incentives that reinforce SR adoption. Institutional investors, asset managers, and rating agencies in developed markets increasingly demand verifiable ESG data to inform investment decisions (IFAC, 2025; PwC, 2024). The expansion of green bonds and ESG-linked loans has further embedded sustainability disclosure into capital-market dynamics (OECD, 2023). Banks and financial institutions in Europe and North America increasingly require borrowers and supply-chain partners to report on sustainability metrics as a condition for financing (Frontiers in Sustainability, 2024; Bais et al., 2024). This convergence of regulatory compliance and market expectation has created a dual-pressure system that incentivises corporations to disclose credible and comparable information across industries and regions (OECD, 2023; IFAC, 2025).

Large corporations in developed economies have thus emerged as global leaders in sustainability disclosure. Most publicly listed firms in Europe, North America, and advanced Asian markets now issue stand-alone sustainability reports or integrate ESG sections into their annual or integrated reports (GRI, 2023; KPMG, 2024). These reports typically follow internationally recognised frameworks such as GRI, SASB, and the Integrated Reporting <IR> model (IFAC, 2025). Empirical evidence supports this diffusion: the KPMG Survey of Sustainability Reporting (2024) indicates that 96 percent of the world's largest 250 companies (G250) and 79 percent of the top 100 firms (N100) in developed markets publish sustainability data. This widespread adoption underscores the recognition that sustainability performance is inseparable from financial performance and risk management (Hummel & Jobst, 2024; Cho et al., 2023).

While large firms dominate the SR landscape, small and medium-sized enterprises (SMEs) in developed economies are progressively drawn into the reporting ecosystem (OECD, 2022; G20/OECD, 2023). This diffusion occurs primarily through supply-chain relationships, where multinational corporations impose ESG requirements on their suppliers to maintain alignment with corporate sustainability commitments (KPMG, 2024; OECD, 2023). Empirical evidence from Germany shows that small suppliers increasingly adopt basic reporting practices to satisfy multinational procurement standards (OECD, 2022). Accordingly, the CSRD introduces phased reporting requirements for listed SMEs by 2027 and provides proportionality mechanisms to ease their reporting burden (Normative, 2024).

Governments and industry associations in advanced economies have also initiated capacity-building programmes to encourage SME engagement in SR. Examples include the UK's Streamlined Energy and Carbon Reporting (SECR) framework and the EU's SME Sustainability Reporting Standards (ESRS-LSMEs), alongside training and advisory services provided by the OECD Centre for Responsible Business Conduct (OECD, 2023). Such initiatives highlight the growing recognition that sustainable supply chains depend on the inclusion of smaller actors (Guerrero-Baena et al., 2024). Nonetheless, barriers persist; many SMEs still cite complexity, limited expertise, and cost as key constraints (OECD, 2022; Abdul Basit et al., 2024). As a result, SME sustainability reports tend to be voluntary, narrative-based, and less comprehensive than those of larger corporations (KPMG, 2024).

From a critical perspective, the institutionalisation of SR in developed economies reveals both progress and limitations. On one hand, SR has improved corporate accountability, enhanced investor confidence, and stimulated innovation in sustainability practice (Cho et al., 2023; IFAC, 2025). On the other, the proliferation of reporting frameworks has generated risks of data fatigue and selective disclosure (De Micco et al., 2021; Binaluyo, 2024). Scholars such as Cho et al. (2023) warn that SR may degenerate into symbolic compliance rather than substantive change, particularly when firms prioritise reputation over impact. Moreover, complex standards and assurance requirements can disproportionately burden smaller enterprises, potentially exacerbating the sustainability gap between large and small firms (OECD, 2023; Guerrero-Baena et al., 2024).

In summary, sustainability reporting in developed economies has matured into a comprehensive and institutionalised practice driven by regulatory mandates, investor expectations, and societal norms (KPMG, 2024; OECD, 2023). The alignment of corporate disclosures with global frameworks such as GRI, SASB, and IFRS's ISSB standards demonstrates a commitment to harmonised and credible sustainability communication (European Commission, 2023; IFRS Foundation, 2024). Yet, as reporting requirements extend to smaller firms, developed economies must balance transparency and comparability with proportionality and inclusiveness (OECD, 2022; Abdul Basit et al., 2024). Ultimately, the experience of developed economies provides critical insights into how sustainability reporting can evolve from a voluntary ethical gesture into a systematic pillar of responsible corporate governance and sustainable economic development (Hummel & Jobst, 2024; IFAC, 2025).

2.3 Sustainability Reporting in Emerging Economies

Sustainability reporting (SR) in emerging economies remains a developing and unevenly institutionalised practice, shaped by distinctive contextual challenges and structural limitations (OECD, 2025; KPMG, 2024). Compared to developed economies, where SR has matured under robust regulatory architectures and well-established market expectations, emerging markets display fragmented progress and relatively low compliance levels (IFAC, 2025; Acheampong et al., 2024). The evolution of SR in these economies reflects broader governance and developmental realities, including weak institutional capacity, inconsistent enforcement of environmental and corporate disclosure regulations, and limited access to technical expertise or digital infrastructure (OECD, 2023; Yongfu et al., 2025). As observed by the Organisation for Economic Co-operation and Development (OECD, 2025), sustainability reporting frameworks across emerging and developing economies (EMDEs) are often voluntary, partial, or sector-specific, which leads to low comparability, inconsistent data quality, and minimal investor confidence (G20 Sustainable Finance Working Group [SFWG] & OECD, 2024). This unevenness underscores the need to contextualise SR within local institutional and socio-economic realities rather than assuming a uniform, globalised model of corporate transparency (Rossi & Luque-Vílchez, 2021; Ikpor, Akubo, & Dandago, 2022).

Institutional fragility continues to serve as a major impediment to SR diffusion in emerging markets. Although several countries have initiated disclosure mandates, such as India's Corporate Social Responsibility (CSR) provisions under the Companies Act (2013) and South Africa's King IV Code of Corporate Governance, these remain exceptions rather than the norm (Lozano, 2015; OECD, 2023). Most jurisdictions in Africa, Latin America, and Southeast Asia still lack comprehensive and enforceable sustainability reporting frameworks (G20 SFWG & OECD, 2024; Yongfu et al., 2025). Moreover, where frameworks exist, enforcement is weak due to inadequate institutional capacity, absence of monitoring systems, and lack of penalties for non-compliance (IFAC, 2025; OECD, 2022). Nonetheless, recent trends indicate gradual policy convergence: for instance, Nigeria and Kenya are aligning their sustainability reporting standards with the International Financial Reporting Standards (IFRS) Foundation's Sustainability Disclosure Standards (IFRS S1 and S2) (IFRS Foundation, 2024; Reuters, 2024). This alignment reflects an increasing commitment by emerging economies to harmonise national frameworks with global sustainability norms. Yet, as KPMG (2024) notes, the overall institutional landscape in these regions continues to be characterised by weak coercive pressures and limited regulatory enforcement, causing SR to remain primarily a voluntary or reputational exercise rather than a binding governance obligation.

Beyond institutional fragility, resource and capability constraints represent fundamental barriers to SR adoption, especially among small and medium-sized enterprises (SMEs) (OECD, 2025; Abdul Basit et al., 2024). Empirical evidence demonstrates that most SMEs in emerging markets lack the financial, technological, and human resources required to produce credible sustainability disclosures (Acheampong et al., 2024; Binaluyo, 2024). These enterprises typically operate on thin profit margins, rely on informal financing mechanisms such as microloans and personal savings, and prioritise immediate survival over strategic sustainability investments (OECD, 2024; SME Finance Forum, 2025). The International Finance Corporation (IFC) estimates that the global SME finance gap exceeds US$5.2 trillion, severely constraining the ability of firms in developing regions to invest in sustainability-oriented systems (SME Finance Forum, 2025). Consequently, even though SMEs in these contexts frequently engage in sustainability-related activities, such as energy conservation, community development, and waste reduction, these efforts are often undocumented or communicated informally (Acheampong et al., 2024; Permatasari & Gunawan, 2023). For instance, Acheampong et al. (2024) report that only 38.3% of surveyed Ghanaian SMEs produced any form of sustainability report, most of which lacked structured alignment with global frameworks such as the Global Reporting Initiative (GRI) or the IFRS Sustainability Disclosure Standards.

The diffusion of SR in emerging economies is further shaped by complex market and supply-chain pressures that simultaneously create opportunities and constraints. Increasing globalisation and participation in international value chains have amplified the demand for

ESG data from multinational corporations, institutional investors, and global buyers (OECD, 2023; G20 SFWG & OECD, 2024). These actors increasingly expect transparent disclosures from suppliers to assess social and environmental risks across production networks (KPMG, 2024; Guerrero-Baena, Castilla-Polo, & Rodríguez-Gutiérrez, 2024). For export-oriented SMEs, particularly in sectors such as agribusiness, textiles, and mining, SR has effectively become a prerequisite for market access and maintaining supplier relationships (IFAC, 2025; OECD, 2025). Conversely, domestically oriented firms face weaker external pressure, limited customer awareness, and minimal financial incentives, which collectively undermine motivation for formal reporting (Ikpor et al., 2022; OECD, 2023). This dual dynamic reinforces an uneven SR landscape in which firms integrated into global supply chains are compelled to report, while those serving domestic markets lag behind (Rossi & Luque-Vílchez, 2021). The outcome is a fragmented system where SR practices are externally driven by coercive global expectations rather than internally institutionalised, thereby limiting local ownership and long-term sustainability of reporting systems (Acheampong et al., 2024; OECD, 2025).

In summary, sustainability reporting in emerging economies reflects a complex interplay between institutional fragility, resource scarcity, and uneven market pressures (OECD, 2023; IFAC, 2025). While global frameworks such as GRI, ISSB, and IFRS S1/S2 are gradually diffusing reporting norms across these regions, translation into consistent national and firm-level practice remains limited (KPMG, 2024; IFRS Foundation, 2024). Weak regulatory enforcement, financial and technical barriers, and inadequate support infrastructure collectively constrain SR adoption among SMEs (OECD, 2025; Abdul Basit et al., 2024). Nevertheless, increased integration into international trade systems, rising stakeholder awareness, and the gradual harmonisation of global reporting standards are signalling a steady transition toward more structured sustainability disclosure (G20 SFWG & OECD, 2024; Yongfu et al., 2025). Ghana, like many emerging economies, exemplifies this transitional stage—where sustainability awareness is present, yet formal reporting practices remain nascent (Acheampong et al., 2024; OECD, 2023). Strengthening institutional capacity, building SME competencies, and tailoring global frameworks to local contexts are thus essential for advancing meaningful SR practices that can enhance transparency, legitimacy, and competitiveness in the developing world (Guerrero-Baena et al., 2024; Rossi & Luque-Vílchez, 2021).

2.4 Differences Between Developed and Emerging Economies in Sustainability Reporting Practices

Sustainability reporting (SR) practices display pronounced structural, institutional, and contextual disparities between developed and emerging economies (OECD, 2024; KPMG, 2024). In developed economies, SR has evolved into a highly institutionalised, regulated, and standardised component of corporate governance, deeply embedded in both policy frameworks and corporate culture (European Commission, 2023; IFAC, 2025). The European Union (EU), Japan, and South Korea, for instance, have established comprehensive disclosure regimes that mandate large corporations, and increasingly, small and medium-sized enterprises (SMEs), to report on their environmental, social, and governance (ESG) performance (OECD, 2024; Hummel & Jobst, 2024). Within the EU, the Corporate Sustainability Reporting Directive (CSRD) extends mandatory sustainability disclosures to approximately 50,000 companies across member states, signalling a decisive shift toward transparent, harmonised, and comparable non-financial reporting (European Commission, 2023; Normative, 2024). Similarly, Japan's Corporate Governance Code and South Korea's ESG guidelines institutionalise sustainability transparency as a foundation of corporate accountability and competitiveness (OECD, 2023; IFRS Foundation, 2024).

As shown in *Table 2.1*, developed economies typically exhibit strong institutional capacity, robust enforcement mechanisms, and high market transparency. They are characterised by the integration of sustainability information into mainstream financial disclosures, demonstrating a mature ecosystem supported by globally recognised frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the newly established European Sustainability Reporting Standards (ESRS**)** (GRI, 2023; IFRS Foundation, 2024; IFAC, 2025). This ecosystem is reinforced by investor expectations and stakeholder activism, with approximately 86–91% of listed firms in advanced markets producing sustainability or integrated reports (OECD, 2024; KPMG, 2024). Moreover, SMEs in developed economies benefit from access to digital reporting technologies, advisory networks, and financial incentives that enhance their ability to disclose ESG data effectively (G20/OECD, 2024; Guerrero-Baena et al., 2024). These mechanisms collectively ensure that SR in developed contexts is not only a matter of compliance but also a competitive necessity linked to investment attractiveness and stakeholder trust (IFAC, 2025; OECD, 2025).

By contrast, sustainability reporting in emerging economies remains fragmented, voluntary, and weakly institutionalised (UNCTAD, 2024; Acheampong, Boateng, & Mensah, 2024). Most governments across Sub-Saharan Africa, Latin America, and parts of Asia have yet to enact binding SR legislation or fully operationalise ESG disclosure mechanisms (G20 SFWG & OECD, 2024; Rossi & Luque-Vílchez, 2021). Instead, many SMEs report informally or in response to external pressures from multinational supply chains (Yongfu et al., 2025; KPMG, 2024). For instance, Ghana currently lacks a legally binding sustainability reporting framework, and its environmental compliance systems remain underdeveloped and poorly enforced (Acheampong et al., 2024; OECD, 2023). Similarly, although South Africa's King IV Code promotes voluntary sustainability disclosure, enforcement capacity remains limited, and compliance rates among SMEs are low due to informality and resource scarcity (UNCTAD, 2024; OECD, 2025).

Institutional and economic asymmetries further accentuate these disparities. As outlined in *Table 2.1,* SMEs in emerging economies face severe financial and technical barriers, inadequate access to sustainability financing, and limited awareness of reporting frameworks (G20/OECD, 2024; Abdul Basit et al., 2024). According to the OECD (2024), SME participation in formal sustainability reporting across emerging markets remains below 40%, with most disclosures taking the form of informal community-based or environmental activities rather than structured reports (Binaluyo, 2024; OECD, 2025). These capacity constraints hinder the standardisation, verification, and assurance of sustainability disclosures, perpetuating weak transparency and credibility gaps between firms in developed and emerging contexts (IFAC, 2025; UNCTAD, 2024). Furthermore, data management systems, third-party assurance providers, and digital infrastructure, common in developed markets, remain largely inaccessible to SMEs in emerging economies, limiting their ability to produce comparable ESG data (Yongfu et al., 2025; OECD, 2025).

The quality, comprehensiveness, and credibility of SR outputs also diverge significantly between the two contexts. Firms in developed economies tend to issue detailed, data-driven, and externally assured sustainability reports aligned with frameworks such as GRI, SASB, or ESRS (GRI, 2024; IFRS Foundation, 2024; KPMG, 2024). In contrast, sustainability disclosures from emerging economies are often narrative-based—appearing as website statements, community newsletters, or brief CSR summaries that lack alignment with recognised frameworks and assurance mechanisms (Acheampong et al., 2024; Rossi & Luque-Vílchez, 2021). This divergence reflects underlying institutional gaps: while SR in developed economies is predominantly driven by coercive (legal) and normative (professional) pressures, SR in emerging economies is largely influenced by mimetic pressures from global supply chains (DiMaggio & Powell, 1983; G20 SFWG & OECD, 2024). For example, Ghanaian SMEs in export sectors such as cocoa, shea butter, and textiles have begun adopting basic ESG disclosures primarily to satisfy the reporting expectations of international buyers rather than domestic regulators (Acheampong et al., 2024; OECD, 2024).

Overall, the differences between developed and emerging economies in sustainability reporting reflect disparities in institutional maturity, regulatory enforcement, financial capacity, and stakeholder orientation (OECD, 2023; IFAC, 2025). Developed economies display coherent, standardised, and well-assured reporting systems driven by the interplay of coercive, normative, and mimetic pressures (DiMaggio & Powell, 1983; Hummel & Jobst, 2024). In contrast, emerging economies continue to rely on voluntary and externally induced SR mechanisms, often lacking the systemic support required for institutionalisation (UNCTAD, 2024; Acheampong et al., 2024). As emphasised in *Table 2.1,* this divergence underscores the importance of developing context-sensitive strategies that recognise the institutional realities of SMEs in emerging markets (Guerrero-Baena et al., 2024; Abdul Basit et al., 2024). For countries such as Ghana, tailored capacity-building initiatives, simplified SR frameworks, and public–private collaborations could play a pivotal role in bridging the sustainability reporting divide and fostering gradual convergence toward global standards (OECD, 2024; Yongfu et al., 2025).

Table 2.1: Comparative Overview of Sustainability Reporting Practices in Developed and Emerging Economies

Dimension	**Developed Economies**	**Emerging Economies**	**Key Sources**
Regulatory Framework	Comprehensive and mandatory disclosure regimes (e.g., EU Corporate Sustainability Reporting Directive – CSRD; Japan's Corporate Governance Code; South Korea's ESG disclosure framework).	Mostly voluntary; few binding regulations for SMEs (e.g., Ghana lacks SR mandates; South Africa's *King IV* offers only voluntary guidelines).	EU Commission (2023); OECD (2024); eprints.soton.ac.uk (2023)
Institutional Strength	Strong institutions and enforcement mechanisms (auditing, investor oversight, stock-exchange listing rules).	Weak enforcement; limited regulatory monitoring and institutional capacity.	OECD (2024); UNCTAD (2024)
Reporting Adoption	86–91 % of market capitalisation covered by sustainability disclosures (2022–2024); ~60 % of SMEs engage in some form of ESG reporting.	< 40 % of SMEs report sustainability activities; often informal or narrative-based.	OECD (2025); Sage (2023); Acheampong et al. (2024)
Disclosure Quality	Detailed, standardised, externally assured (e.g., GRI, SASB, ESRS frameworks).	Fragmented, qualitative, rarely assured or standardised.	GRI Database (2024); eprints.soton.ac.uk (2023)
Financial and Technical Resources	High access to sustainability advisory services, green finance, and digital tools.	Constrained access to finance and limited expertise hinder SR system development.	G20/OECD (2024); OECD (2023)
Market and Stakeholder Pressure	High coercive and normative pressures from investors, regulators, and consumers.	Weak coercive pressures; external market pressure mainly through global supply chains.	Institutional Theory Perspective; OECD (2024)
Typical SME Barriers	Complexity and cost of compliance; alignment with multiple frameworks.	Financial constraints, lack of awareness, weak regulatory mandate, limited data systems.	G20/OECD (2024); Acheampong et al. (2024)
Examples	EU member states, Japan, South Korea, United States.	Ghana, Kenya, India, Brazil, Indonesia.	Comparative Studies (2024)

Source: *Compiled by the researcher from OECD (2024); UNCTAD (2024); G20/OECD (2024); Acheampong et al. (2024); EU Commission (2023); eprints.soton.ac.uk (2023); Sage (2023).*

2.5 Key Research Gaps

Despite the growing global emphasis on sustainability reporting (SR), significant research gaps persist, particularly within the context of emerging and developing economies (OECD, 2025; KPMG, 2024). While an extensive body of literature has examined the evolution, frameworks, and determinants of SR in developed economies, there remains limited empirical understanding of how SR is operationalised in developing and transitional contexts (IFAC, 2025; Yongfu et al., 2025). As KPMG (2024) underscores, the maturity and institutionalisation of SR are largely concentrated in high-income regions, where coherent legal frameworks, assurance mechanisms, and professional reporting standards are well established. In contrast, emerging economies continue to exhibit fragmented, voluntary, and inconsistent disclosure practices, particularly among small and medium-sized enterprises (SMEs) (OECD, 2023; Acheampong, Boateng, & Mensah, 2024). This discrepancy underscores a structural imbalance in global SR scholarship, whereby theoretical and empirical insights derived from developed economies are often uncritically transplanted into vastly different institutional and socio-economic settings (Rossi & Luque-Vílchez, 2021; Amaeshi, Adegbite, & Rajwani, 2016).

Moreover, while extant research frequently employs institutional theory and the resource-based view (RBV) to explain SR adoption (Dissanayake, Tilt, & Xydias-Lobo, 2016; Ackers & Eccles, 2015; DiMaggio & Powell, 1983), empirical applications of these frameworks in emerging economies remain limited in scope and analytical depth (Binaluyo, 2024; Yongfu et al., 2025). Much of the existing scholarship remains descriptive rather than explanatory, emphasising whether firms report rather than interrogating the underlying drivers, constraints, or institutional mediations influencing SR practices (OECD, 2024; KPMG, 2024). Critical dimensions such as the mediating role of institutional voids, informal governance mechanisms, and resource scarcity have received insufficient theoretical attention (Rossi & Luque-Vílchez, 2021; Ikpor, Akubo, & Dandago, 2022). For instance, Acheampong et al. (2024) reveal that Ghanaian SMEs often engage in sustainability actions, such as waste reduction, employee welfare, and energy conservation, yet rarely formalise these practices into structured sustainability reports. This mirrors broader patterns across Sub-Saharan Africa, where SMEs demonstrate environmental and social engagement but lack the capacity to institutionalise these efforts through recognised reporting frameworks (OECD, 2023; Yongfu et al., 2025). Consequently, the limited integration of institutional and resource-based perspectives within developing-world SR research constitutes a major theoretical and empirical gap demanding further inquiry (OECD, 2025; IFAC, 2025).

Additionally, the regulatory and policy environment for SR in emerging economies remains considerably underdeveloped. In advanced economies, frameworks such as the European Union’s Corporate Sustainability Reporting Directive (CSRD) and the Global Reporting Initiative (GRI) standards have established robust, standardised disclosure mechanisms that promote accountability and comparability (European Commission, 2023; GRI, 2023; Hummel & Jobst, 2024). By contrast, in many developing countries, including Ghana, SR remains largely voluntary, fragmented, and inconsistently enforced (Acheampong et al., 2024; OECD, 2024). The absence of binding legal frameworks and weak institutional enforcement mechanisms has perpetuated irregular and ad hoc reporting practices that fail to meet global standards (KPMG, 2024; UNCTAD, 2024). Even when firms disclose social or environmental information, these communications are often unstructured, taking the form of community bulletins, website updates, or informal sustainability statements, thereby limiting comparability and credibility (OECD, 2023; IFAC, 2025). Consequently, future research must interrogate how institutional voids, policy deficits, and enforcement weaknesses constrain the depth, consistency, and legitimacy of SR in resource-constrained economies (G20/OECD, 2024; Rossi & Luque-Vílchez, 2021).

Furthermore, the literature offers limited exploration of institutional support systems, capacity-building interventions, and collaborative mechanisms that could enable SR adoption among SMEs in emerging markets (OECD, 2024; Abdul Basit et al., 2024). While scholars consistently identify financial and technical barriers as key constraints (KPMG, 2024; Acheampong et al., 2024), few empirical studies examine how capacity development, knowledge transfer, or digital innovation might mitigate these challenges (Guerrero-Baena et al., 2024; Yongfu et al., 2025). The G20/OECD (2024) highlights that SMEs in developing regions face disproportionately high transition costs and limited access to sustainability-linked financing, rendering SR implementation particularly difficult. This gap reveals the need for more policy-oriented and intervention-driven research that investigates how governments, industry associations, and international partners can foster enabling ecosystems that promote sustainability literacy and reporting participation among SMEs (OECD, 2025; IFAC, 2025).

A further omission in global SR scholarship lies in the neglect of cultural, ethical, and indigenous paradigms that shape sustainability behaviour in developing contexts (Amaeshi et al., 2016; Acheampong et al., 2024). Evidence suggests that in many African societies, indigenous ethics of communal welfare, reciprocity, and environmental stewardship underpin local sustainability practices, even in the absence of formalised reporting structures (Amaeshi et al., 2016; Rossi & Luque-Vílchez, 2021). Yet these culturally grounded approaches remain marginalised within dominant Western-centric SR frameworks (Yongfu et al., 2025; OECD, 2023). Integrating such indigenous and socio-cultural perspectives into sustainability reporting research could yield more contextually relevant models of disclosure that align global principles with local realities (Amaeshi et al., 2016; Ikpor et al., 2022).

In light of these limitations, it is evident that the existing body of knowledge on SR in emerging economies, particularly among SMEs, remains fragmented, under-theorised, and disproportionately reliant on frameworks developed for large corporations in advanced markets (OECD, 2024; IFAC, 2025). There is an urgent need for empirically grounded and contextually sensitive studies that move beyond descriptive analyses toward explanatory investigations of how institutional pressures, cultural systems, and internal resource capacities interact to influence SR adoption (Dissanayake et al., 2016; Acheampong et al., 2024). The research gap lies not merely in the absence of quantitative data but in the limited conceptual understanding of how local governance structures, resource endowments, and stakeholder dynamics jointly shape sustainability behaviour (OECD, 2025; KPMG, 2024). Addressing this void is essential for developing inclusive and scalable SR frameworks that reflect the realities of SMEs operating in resource-constrained environments such as Ghana, thereby contributing to more equitable global sustainability transitions (Acheampong et al., 2024; G20/OECD, 2024)

2.6 Factors Influencing Sustainability Reporting

The dynamics of sustainability reporting (SR) in emerging economies are shaped by a complex interplay of institutional, economic, and organizational factors that collectively determine the extent and quality of corporate disclosure. Unlike developed economies, where SR is institutionalized through strong regulatory frameworks and mature stakeholder expectations, emerging economies often exhibit fragmented and voluntary reporting practices due to weak institutions, limited technical capacity, and resource constraints (OECD, 2023; KPMG, 2023). For small and medium-sized enterprises (SMEs), these challenges are particularly pronounced, as many operate in environments with minimal regulatory enforcement and low sustainability awareness (Acheampong et al., 2024). Nevertheless, SR in such contexts is not merely a compliance obligation but a strategic response to both internal motivations and external pressures. Internally, managerial commitment, financial capacity, and organizational culture shape firms’ engagement with sustainability, while externally, regulatory demands, market expectations, and global supply-chain requirements exert significant influence (DiMaggio & Powell, 1983; Scott, 2014). Understanding these dynamics requires examining the dual influence of internal and external factors that jointly drive or constrain SR adoption among SMEs in emerging economies, as explored in the following subsections.

2.6.1 Internal Factors Influencing SMEs' Sustainability Reporting in Emerging Economies

Internal organisational dynamics are central to shaping how small and medium-sized enterprises (SMEs) approach sustainability reporting (SR) (Rossi & Luque-Vílchez, 2021). These factors, which include leadership commitment, managerial awareness, organisational capabilities, and resource availability, determine whether sustainability becomes embedded in business practices or remains peripheral (Paulraj, 2011; Rossi & Luque-Vílchez, 2021). In resource-constrained environments such as emerging economies, internal drivers often exert a stronger influence than external pressures, given the centralised and informal structures that characterise many SMEs (Aghelie, 2017; Hadjimanolis, 2019; Permatasari & Gunawan, 2023; De Andrade et al., 2025).

A critical starting point is leadership commitment, particularly where it is informed by ethical values and a long-term strategic vision. Research consistently shows that SMEs in emerging economies are often owner-managed, with decision-making highly centralised around a few individuals (Ng & Kee, 2018; Fajarika et al., 2024). Consequently, leaders' personal values, perceptions, and ethical orientations significantly shape whether sustainability practices are embraced or dismissed (Suriyankietkaew et al., 2022). In many African and Asian contexts, where informal and family-owned businesses dominate, this influence is especially pronounced (Inyang, 2013). Leaders who perceive sustainability as a strategic imperative, rather than a regulatory burden, are more likely to integrate it into business operations, framing SR as both a moral responsibility and a competitive advantage

(Trollman & Colwill, 2021). Indeed, evidence from emerging markets suggests that SMEs reporting on sustainability frequently cite leadership vision as a decisive enabler (Lozano, 2015; Fedek, 2020). However, the literature often treats leadership commitment in isolation, without sufficiently interrogating how it interacts with other organisational factors such as culture and resource capacity. This gap highlights the need for studies that examine leadership not only as a motivational force but also as a determinant of how scarce resources are allocated toward SR in SMEs.

Closely related to leadership is managerial awareness and perception of value. The degree to which managers understand SR and view it as beneficial strongly influences adoption rates (Koe, 2014). Studies from Brazil and Indonesia reveal that SMEs are more inclined to engage in sustainability initiatives when these are linked to tangible benefits such as enhanced reputation, customer loyalty, or improved access to international markets (Lourenço & Branco, 2013; Sudi, 2024; Yongfu et al., 2025). Managers who recognise SR as a pathway to competitive advantage are more willing to commit resources to its implementation (Akor, 2023). Importantly, such awareness is often cultivated through exposure to international buyers, sustainability-focused donors, and global value chains (Bitzer & Glasbergen, 2015). The Global Reporting Initiative (2024) further indicates that SMEs participating in awareness workshops in developing economies report significantly increased interest in SR adoption. Nevertheless, current scholarship tends to portray managerial awareness as a static attribute, overlooking the dynamic ways in which knowledge is shaped by institutional exposure, cultural norms, and peer learning. This omission limits understanding of how awareness evolves and how targeted interventions, such as training or mentorship, might strengthen it in the Ghanaian context.

Even when leadership commitment and managerial awareness are present, organisational capacity often constrains the ability of SMEs to translate intent into practice (Latip et al., 2025). Structural challenges such as limited financing, inadequate infrastructure, and a shortage of skilled personnel hinder the institutionalisation of SR (Yoshino & Taghizadeh-Hesary, 2016; Mer & Virdi, 2024). Standardised frameworks like the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) demand resources that many SMEs simply cannot afford (Setyaningsih et al., 2024). The OECD (2022) estimates that over 70% of SMEs in Sub-Saharan Africa face chronic financing constraints, making investments in SR difficult to prioritise. This situation suggests that organisational capacity functions as a bottleneck that limits SMEs' ability to move from informal sustainability practices to structured reporting. Yet, much of the literature frames capacity deficits narrowly as financial limitations, without critically examining the role of intangible resources such as organisational culture, employee skills, or adaptive capabilities. Greater attention to these softer dimensions would enrich understanding of how SMEs can build resilience and gradually integrate SR practices even under resource constraints.

Emerging evidence also suggests that SMEs in resource-limited contexts adopt innovative, context-specific solutions to overcome these constraints (Sigurdsson et al., 2025). Rather than implementing complex reporting systems, many integrate sustainability into routine activities by focusing on simple indicators such as waste reduction, energy efficiency, or employee welfare (Sigurdsson et al., 2025; Alzahmi et al., 2025). For example, studies in Bangladesh highlight collaborations between SMEs, NGOs, and universities to develop low-cost, customised reporting tools tailored to local realities (Kannan & Gambetta, 2025; Yoshino & Taghizadeh-Hesary, 2016). Such practices reveal that sustainability reporting is not an all-or-nothing endeavour; it can evolve incrementally through adaptive strategies. Yet, the literature provides limited longitudinal analysis of how such incremental practices mature into formal SR systems over time. This represents a gap, as understanding this trajectory could guide policy interventions designed to support SMEs' gradual progression toward structured reporting.

Partnerships and collaborative networks further illustrate how internal limitations can be offset through external linkages. SMEs often work with civil society organisations, government agencies, or larger firms to access technical expertise and share resources (Zulu-Chisanga et al., 2021). Such collaborations not only expand SMEs' capacity to engage in SR but also align them with broader ESG expectations in global supply chains, particularly in agriculture, textiles, and manufacturing (Modreanu, 2024). However, current scholarship tends to present partnerships as uniformly beneficial, without critically assessing issues of dependency, unequal power relations, or the sustainability of such collaborations in the long term. Future research must interrogate these dynamics to determine whether partnerships genuinely build capacity or merely create short-term compliance without fostering internal ownership.

In summary, the literature establishes that internal drivers, leadership commitment, managerial awareness, organisational capabilities, and adaptive strategies, are critical determinants of SR adoption among SMEs in emerging economies. These factors are deeply interconnected, shaping whether SMEs view SR as valuable, prioritise it strategically, and possess the capacity to implement it effectively. Yet, several gaps persist. First, most studies focus on individual factors in isolation, neglecting their interaction and cumulative influence. Second, evidence is disproportionately drawn from Asia and Latin America, with limited insights from Sub-Saharan Africa, including Ghana. Third, there is a lack of in-depth qualitative studies capturing the lived experiences and decision-making processes of SME owner-managers. Addressing these gaps is vital for developing context-specific strategies that enable SMEs to move from informal, ad hoc sustainability practices toward more structured and impactful reporting systems.

2.6.2 External Factors Influencing SMEs' Sustainability Reporting in Emerging Economies

External influences play a pivotal role in shaping the sustainability reporting (SR) practices of small and medium-sized enterprises (SMEs) in emerging economies (Hossain et al., 2022; Guerrero-Baena et al., 2024). While internal factors such as leadership and resource capabilities provide the foundation for adoption, the broader institutional, regulatory, and market environment often determines whether SMEs have the incentives, resources, and support to engage meaningfully in SR (Ahmed et al., 2025). These external conditions can act as both enablers and constraints, highlighting the need to understand how they interact with internal capabilities to influence SME behaviour.

Government policies and regulatory frameworks constitute some of the most direct drivers of SR adoption. In several emerging economies, sustainability-related provisions have been introduced into corporate law and governance codes (Maalouf, 2024). For instance, India's Companies Act (2013) requires qualifying firms to disclose corporate social responsibility activities, a regulation that, although aimed at larger firms, has had cascading effects on SMEs across supply chains (Bergman et al., 2019; Dharmapala & Khanna, 2018). Similarly, South Africa's King IV Report underscores sustainability disclosure as a principle of sound governance, encouraging even smaller businesses to align with responsible practices (Corvino et al., 2020). In Malaysia, government-backed procurement and certification schemes have further incentivised SMEs by rewarding firms that demonstrate compliance with environmental, social, and governance (ESG) standards (Adenan et al., 2024). Yet, the effectiveness of such policies in Sub-Saharan Africa remains uneven due to fragmented frameworks, inconsistent enforcement, and limited monitoring capacity (Handoyo & Anas, 2024; Seera et al., 2025). In contexts such as Nigeria and Ghana, regulatory mandates are often poorly implemented, reducing their ability to compel SMEs toward structured reporting (Adams et al., 2022; Agyei & Yankey, 2019; Igwe et al., 2023). This gap suggests that while regulations create formal expectations, their impact is diluted without institutional mechanisms that ensure compliance and provide support for smaller firms.

In the absence of strong state enforcement, institutional support structures, particularly those provided by development agencies, industry associations, and non-governmental organisations (NGOs), have emerged as critical enablers of SR (Kiarii, 2025). These entities frequently offer training, technical guidance, and resource toolkits tailored to SME capacities (Zhao & Yu, 2024). Across Africa, partnerships between international donors and public institutions have introduced capacity-building initiatives that reframe sustainability not as a regulatory burden but as a strategic opportunity (KPMG, 2023; Lopes de Sousa Jabbour et al., 2020). Comparable outcomes have been reported in Latin America and Southeast Asia, where donor-supported programmes use coaching and peer-learning approaches to help SMEs integrate sustainability practices incrementally (OECD/CAF/SELA, 2024). Evidence from the International Trade Centre (2021) indicates that more than half of participating West African SMEs reported increased confidence in documenting ESG practices after training interventions. Despite these successes, critical gaps remain. Much of the literature highlights the presence of such initiatives but provides limited evaluation of their long-term effectiveness or their ability to reach informal and micro-sized enterprises, which dominate many emerging economies.

Market and stakeholder pressures represent another significant external driver. With the expansion of global value chains and the rise of responsible sourcing, SMEs supplying multinational corporations are often required to meet sustainability standards as a precondition for partnership (Stevi et al., 2025). Buyers' demands for transparency have compelled SMEs to adopt at least basic reporting practices to maintain competitiveness (OECD, 2024). Beyond supply chains, investors and civil society groups increasingly emphasise accountability, pushing SMEs to adopt SR as a means of building trust and securing funding (Wahyuni et al., 2024; Wang, 2024). Evidence suggests that SMEs engaging in SR in regions such as Eastern Europe and Central Asia benefit from enhanced reputational capital and improved access to capital (Yongfu et al., 2025). However, scholarship often assumes that SMEs passively respond to such pressures, without critically analysing how they negotiate, resist, or adapt reporting requirements in contexts where compliance may conflict with limited resources. This lack of criticality leaves a gap in understanding the strategies SMEs employ to balance external demands with internal constraints.

Cultural and social expectations further shape SME behaviour in ways that are often overlooked in formal SR frameworks (Guerrero-Baena, 2024). In many African contexts, community-based values and informal accountability structures influence how businesses demonstrate social responsibility (Appiah et al., 2024). For example, SMEs in Ghana and Cameroon often support schools, sponsor community events, or engage in local environmental initiatives as part of fulfilling social expectations (Atanga, 2019; Demuijnck & Ngnodjom, 2013). These practices, though rarely documented in formal reports, reflect deeply embedded cultural norms and contribute to SMEs' social licence to operate (Crossley et al., 2021). Importantly, reputational damage within close-knit communities can carry immediate economic consequences, reinforcing these informal practices (Appiah et al., 2024). While such activities provide a foundation for structured SR, the literature largely underexplores how informal, socially driven practices could be leveraged or transformed into formal disclosure systems.

Taken together, external factors, including regulatory frameworks, institutional support, market pressures, and cultural expectations, constitute a multifaceted ecosystem that strongly influences SMEs' sustainability practices. These drivers not only interact with one another but also intersect with internal factors such as leadership vision and organisational capacity, shaping SMEs' decisions on whether and how to adopt SR. However, critical gaps persist. Much of the scholarship documents the existence of external pressures without adequately interrogating their effectiveness, long-term sustainability, or interaction with firm-level realities. Moreover, Sub-Saharan Africa remains underrepresented in comparative analyses, leaving questions about how SMEs in Ghana and similar contexts experience and respond to these pressures. Addressing these gaps requires research that is both context-sensitive and critical, moving beyond descriptive accounts to uncover the nuanced dynamics of how external environments enable or constrain SR among SMEs.

2.7 Definition and Types of SMEs in Ghana

Small and Medium-sized Enterprises (SMEs) are universally acknowledged as pivotal drivers of economic development, fostering innovation, employment, and industrial diversification (Gherghina et al., 2020). In Ghana, their significance is particularly pronounced, with SMEs constituting approximately 90% of businesses and contributing about 70% to the nation's Gross Domestic Product (GDP) (Ali, 2021). To fully appreciate their impact, it is essential to understand the criteria defining SMEs, the various forms they take within the Ghanaian context, and their multifaceted contributions to economic growth.

The classification of SMEs varies globally, typically based on factors such as employee count, annual turnover, and asset value (Ipinnaiye et al., 2017). In Ghana, the Ghana Enterprises Agency (GEA) has established specific parameters to categorise these enterprises (Ghana Enterprises Agency, 2024). Micro enterprises are defined as businesses employing up to five (5) individuals, with an annual turnover and fixed asset value not exceeding GHS 150,000 (Francis, 2024). He added that small enterprises employ between six (6) and thirty (30) individuals, with an annual turnover exceeding GHS 150,000 but not surpassing GHS 6 million, and a fixed asset value up to GHS 6 million. Medium enterprises have a workforce ranging from thirty-one (31) to one hundred (100) individuals, with an annual turnover exceeding GHS 6 million but not surpassing GHS 18 million, and a fixed asset value up to GHS 18 million (Francis, 2024). These classifications are instrumental in formulating policies and allocating resources to support the growth and sustainability of businesses within each category.

Furthermore, SMEs in Ghana operate across a diverse array of sectors, reflecting the country's multifaceted economic landscape (Afrane, 2024). In the agricultural sector, numerous SMEs engage in activities such as crop cultivation, livestock farming, and agro processing (Donkor et al., 2023). For instance, smallholder cocoa farms are integral to Ghana's cocoa industry, a major contributor to export earnings. In the manufacturing domain, local textile companies produce traditional fabrics that cater to both domestic and international markets (Amoako, 2019). The service sector also boasts a significant presence of SMEs, including tech start-ups offering mobile payment solutions to enhance financial inclusion. Additionally, artisanal and craft enterprises produce handmade crafts, jewellery, and artworks that showcase Ghanaian culture and heritage. These examples underscore the versatility and adaptability of SMEs in Ghana, highlighting their capacity to cater to both local and international markets (Agyapong et al., 2024).

Hence, the impact of SMEs on Ghana's economy is multifaceted and substantial. They are significant employers, providing jobs to a large segment of the population. According to the Finance Minister, SMEs constitute 92% of manufacturing, contribute 70% to economic growth, and provide 80% of jobs in Ghana (Laud, 2024). This underscores their centrality to economic activities and wealth creation. Moreover, SMEs serve as incubators for innovation and entrepreneurship, fostering new ideas, products, and services that drive economic dynamism (Laud, 2024). By operating in various regions, including rural areas, they contribute to balanced regional development and help reduce urban migration pressures.

Recognising the pivotal role of SMEs, the Ghanaian government has initiated several programmes to bolster their growth. Notably, the SME Growth and Opportunity Programme (SME-GO) was launched to address critical issues such as access to finance and markets, complex tax systems, and business development support (Abe et al., 2015). This initiative aims to provide the necessary tools for SMEs to grow, innovate, and integrate into regional and global value chains. Additionally, projects like the Ghana Jobs and Skills Project and the Ghana Economic Transformation Project are designed to strengthen the SME sector and position it as a key driver of economic expansion (Dadzie et al., 2020).

Despite their significant contributions, SMEs in Ghana face challenges such as limited access to finance, inadequate infrastructure, and regulatory constraints. Addressing these issues is crucial to unlocking the full potential of SMEs and ensuring their continued contribution to Ghana's economic growth. By implementing supportive policies and fostering an enabling environment, Ghana can further harness the dynamism of its SMEs to drive sustainable development and economic prosperity.

Sustainability reporting (SR) has emerged globally as a mechanism for enhancing corporate accountability, transparency, and legitimacy. While initially dominated by multinational corporations in developed economies, the practice is increasingly extending to small and medium-sized enterprises (SMEs), which form the backbone of many developing economies (Du Toit, 2024; Van Oorschot et al., 2024). In Ghana, SMEs account for nearly 70% of GDP and over 85% of employment (Adjabeng & Osei, 2022), underscoring their central role in socio-economic transformation. Building on the global evidence reviewed earlier, it becomes clear that the Ghanaian context deserves specific attention, since its institutional frameworks are weaker and its SMEs face more severe resource constraints than those in advanced economies. Despite their economic weight, fewer than 38.3% of Ghanaian SMEs engage in formal SR (Owusu et al., 2024), a gap that warrants deeper investigation.

2.8 Sustainability Reporting and Its Relevance to SMEs in Ghana

Globally, sustainability reporting is framed as a tool for aligning business operations with sustainable development goals and addressing stakeholder expectations, including those of investors, regulators, and communities (Sulemana et al., 2025; Awa et al., 2024). Translating this global perspective into the Ghanaian context, sustainability reporting (SR) takes on additional significance as a pathway to both local legitimacy and international competitiveness (Boahen et al., 2025). Studies suggest that SMEs engaging in disclosure, even in basic forms, can enhance brand reputation, attract ethically conscious consumers, and access supply chains and funding (Shahid et al., 2024; Yongfu et al., 2025). However, unlike in more mature reporting environments, these benefits in Ghana are realised through fragmented and informal practices, often communicated via community meetings or social media (OECD, 2025; Setyaningsih et al., 2024). This discrepancy highlights a critical gap in the literature: the deficiency of empirical evidence on how SR operates as a strategic lever for SMEs in Ghana beyond philanthropy or compliance.

Expanding on this point, it is essential to consider the actual practices Ghanaian SMEs employ to demonstrate sustainability. On the environmental front, many companies engage in waste reduction, energy efficiency, and conservation initiatives, particularly in manufacturing and agro-processing (Blundel et al., 2013; Zorpas, 2010). They also participate in tree planting, recycling, and awareness campaigns (Wekesa, 2024). Socially, SMEs support education, health, and local events, and embed employee welfare policies like fair wages and training (Nyarku & Oduro, 2018). Economically, simplified transparency practices, such as verbal updates or partial disclosures, are also evident (Antoniuk et al., 2018; Oyegbade et al., 2022). Nevertheless, moving from these informal efforts to structured, internationally comparable frameworks remain a major challenge, limiting their credibility and long-term impact (Nketsiah & van der Westhuizen, 2025).

Building on the recognition of these practices, it is important to examine the barriers that prevent their formalisation. Resource scarcity consistently emerges as one of the most significant obstacles. Unlike large corporations with access to capital markets, Ghanaian SMEs typically rely on personal savings or microcredit (Yoshino & Taghizadeh-Hesary, 2016). As a result, investments in SR systems are deprioritised. The OECD (2022) estimates that over 70% of SMEs in Sub-Saharan Africa experience chronic financing constraints, which directly curtail sustainability investments. This suggests that, even when leadership commitment or awareness exists, financial precarity fundamentally shapes reporting decisions.

In parallel, institutional weaknesses also exacerbate the problem. Unlike South Africa's King IV governance standards, Ghana lacks binding SR requirements (Corvino et al., 2020). While environmental policies exist, enforcement is inconsistent and regulatory clarity remains weak (Agyei & Yankey, 2019; Adams et al., 2022). Consequently, SMEs operate in an environment where the opportunity costs of ignoring SR are minimal, further discouraging adoption (Bindeeba et al., 2025). Although donors and NGOs have piloted training programmes, evidence suggests their reach is limited and their effects short-lived (KPMG, 2023; Igwe et al., 2023). Thus, while institutional support is present, its fragility undermines sustained engagement by SMEs.

Beyond institutional frameworks, cultural and social expectations play a distinctive role in Ghana. In close-knit communities, SMEs often engage in socially beneficial practices such as supporting schools or funding events to maintain social legitimacy (Atanga, 2019; Demuijnck & Ngnodjom, 2013). Unlike in Asian or Latin American contexts, where SR is increasingly codified, in Ghana, such practices remain informal, embedded in community norms and accountability structures (Asare et al., 2025). This highlights a dual challenge: while these practices reflect genuine responsibility, they reinforce informality and hinder structured reporting (Asare et al., 2025). A key research gap lies in understanding how such culturally embedded practices might serve as stepping stones towards more formal SR frameworks.

At the same time, market pressures cannot be overlooked. Many Ghanaian SMEs operate within global value chains where multinational buyers impose ESG standards (Stevi et al., 2025). Compliance is increasingly a prerequisite for access to export markets, especially in cocoa, textiles, and agro-processing (Bennin, 2025; Singh et al., 2025). However, unlike SMEs in Southeast Asia that benefit from donor-led upgrading programmes, Ghanaian SMEs often fall short of systematic support to meet these standards (Islam, 2025). This creates risks of exclusion from global markets and exacerbates inequities between resource-rich and resource-poor firms (OECD, 2024; Wahyuni et al., 2024). Yet the literature rarely interrogates how SMEs balance immediate survival with compliance to global ESG requirements, representing another critical knowledge gap.

Despite these challenges, evidence suggests that SR could yield significant benefits for Ghanaian SMEs. By adopting structured frameworks, SMEs may gain transparency, attract investment, and build resilience (Bais et al., 2024; Setyaningsih et al., 2024). Evidence from Indonesia, Brazil, and other emerging economies shows that SMEs integrating SR report improvements in efficiency, reputation, and risk management (Permatasari & Gunawan, 2023; Ernst et al., 2022). However, the transferability of these findings to Ghana is uncertain, given differences in institutional environments and market structures (Martins et al., 2022). The Ghanaian literature is dominated by descriptive accounts, with few studies critically analysing the interaction between internal motivators (leadership, awareness) and external pressures (policy, markets). This lack of critical depth limits the design of effective, context-sensitive interventions.

Taken together, the literature reveals several gaps that this study seeks to address. First, Ghana-specific empirical evidence on SMEs' SR practices remains scarce, with much reliance on extrapolation from large firms or other contexts. Second, the interplay between informal community-driven sustainability practices and formal frameworks is underexplored. Third, institutional weaknesses, particularly enforcement failures and capacity gaps, are insufficiently analysed in relation to SME behaviour. Finally, the survival-versus-sustainability dilemma remains poorly understood in the Ghanaian context. Addressing these omissions will not only enrich the academic debate but also inform practical interventions tailored to SMEs in Ghana.

In conclusion, SR among Ghanaian SMEs both mirrors and diverges from global patterns. Like their counterparts in other emerging economies, Ghanaian SMEs are shaped by internal drivers such as leadership and awareness, and external pressures including markets, institutions, and communities. However, unlike many Asian or Latin American contexts where SR is increasingly institutionalised, Ghanaian SMEs remain locked in informal practices shaped by financial constraints, regulatory weaknesses, and cultural norms. This divergence underscores the importance of context-sensitive scholarship. By bridging global discourses with Ghanaian realities, this study not only contributes to the literature on African SMEs but also offers insights for policymakers and practitioners seeking to enable SMEs to transition from informal to structured SR.

2.9 Theoretical Framework

The Institutional Theory and the Resource-based View (RBV) are used to understand sustainability reporting in Ghanaian SMEs, which are discussed below:

2.9.1 Institutional Theory

Institutional Theory provides a framework for understanding the unique behaviours of organisations, including SMEs, within their environments. Advocates of this theory contend that organisations are shaped by both external and internal forces, including social norms, expectations, and regulations (DiMaggio & Powell, 1983). The theory posits that SMEs operate within a broader context that necessitates compliance with these norms to gain legitimacy and stability, even when such compliance does not necessarily enhance performance (Abisuga-Oyekunle et al., 2020).

Key concepts within this framework include legitimacy, isomorphism (which encompasses coercive, normative, and mimetic forms), and the institutional environment (Krell et al., 2016). To achieve legitimacy, SMEs may need to adopt specific practices that align with the expectations of various stakeholders, including government entities, the public, and investors (Crossley et al., 2021). Isomorphism refers to the tendency of organizations to become increasingly similar over time in response to institutional pressures (Frumkin & Galaskiewicz, 2004). Coercive isomorphism arises from legal or regulatory requirements; for instance, government or international partners may compel Ghanaian SMEs to provide sustainability reports (Amoako et al., 2021). Normative isomorphism is influenced by professional standards and norms, often shaped by associations and educational institutions, while mimetic isomorphism occurs when organizations mimic the practices of others during times of uncertainty (Krell et al., 2016). The institutional environment encompasses the cultural norms, legal frameworks, expectations, and educational systems that collectively shape the behaviour of SMEs (Emon & Khan, 2023).

For example, regulatory pressures are among the most significant institutional forces driving sustainability reporting. Governments and regulatory bodies establish laws and frameworks requiring businesses to disclose sustainability-related information (Brown et al., 2009). In Ghana, regulatory frameworks such as the Environmental Protection Agency (EPA) guidelines and the Companies Code outline environmental and social disclosure requirements (Adjabeng & Osei, 2022). However, compliance with these regulations remains inconsistent, particularly among SMEs that often lack the financial and human capital necessary to meet disclosure obligations (Ofori & Atiase, 2021). While larger firms may adhere to sustainability reporting due to regulatory mandates, SMEs often perceive such requirements as costly and complex, leading to minimal voluntary disclosures (Opoku-Mensah et al., 2022). Furthermore, enforcement mechanisms remain weak, and regulatory bodies struggle to ensure widespread adherence, further limiting the impact of these policies on SMEs (Sommer, 2017). Consequently, SMEs frequently operate in a regulatory environment where sustainability reporting is more of a voluntary exercise than a mandatory one, making their engagement sporadic and inconsistent.

Moreover, regulatory frameworks are often evolving, adding another layer of complexity for SMEs. The lack of standardised sustainability reporting frameworks tailored to SMEs in Ghana further complicates compliance (Boateng & Abdul-Hamid, 2022). Unlike multinational corporations that have dedicated resources for compliance, SMEs frequently struggle with the administrative burden associated with sustainability reporting (Amponsah & Dartey, 2014). Additionally, Ghana's regulatory environment lacks stringent penalties for non-compliance, which diminishes the urgency for SMEs to integrate sustainability reporting into their business operations (Owusu et al., 2024). Addressing these regulatory gaps requires proactive government intervention through incentives, simplified reporting guidelines, and enhanced enforcement measures.

In addition to regulatory pressures, normative influences play a crucial role in shaping sustainability reporting practices (DiMaggio & Powell, 1983). These pressures stem from industry expectations, professional norms, and societal values that influence corporate behaviour (Nikolaeva & Bicho, 2011). In Ghana, multinational corporations (MNCs) operating in sectors such as mining, oil and gas, and agribusiness have integrated sustainability reporting into their business models, setting benchmarks for smaller enterprises (Elvis et al., 2022). SMEs that supply or collaborate with these larger firms face indirect pressure to align with established sustainability standards, particularly when seeking business partnerships or international certification (Adjabeng & Osei, 2022). Moreover, professional associations, academia, and civil society organisations actively advocate for enhanced transparency and ethical business practices, further reinforcing the need for SMEs to engage in sustainability reporting (Sommer, 2017). Given the increasing global emphasis on ESG principles, SMEs seeking foreign investment or funding must align with these normative expectations to remain competitive. Thus, while regulatory pressures enforce compliance, normative pressures instill a sense of responsibility and industry conformity, motivating SMEs to adopt sustainability reporting as a long-term strategy for credibility and growth.

Furthermore, mimetic pressures, another key component of Institutional Theory, arise when organisations imitate the practices of successful firms in their industry, especially in uncertain environments (Chu et al., 2018). SMEs that lack clarity on sustainability reporting standards often look to industry leaders for guidance, adopting similar practices to enhance legitimacy and competitiveness (DiMaggio & Powell, 1983). This process of imitation accelerates the diffusion of sustainability reporting as businesses strive to match the actions of peers and competitors. For example, SMEs engaged in export-oriented industries, such as cocoa and textiles, are increasingly adopting sustainability reporting to meet international market requirements (Adjabeng & Osei, 2022).

Nevertheless, the effectiveness of mimetic pressures depends on the depth of commitment among SMEs. While some firms genuinely integrate sustainability principles into their operations, others engage in sustainability reporting primarily for reputational benefits rather than true ESG adherence, leading to superficial compliance rather than substantive engagement (Santi et al., 2024). As a result, mimetic pressures may not always lead to meaningful sustainability improvements but instead encourage symbolic adoption of reporting practices to satisfy stakeholders' expectations. Additionally, the role of media and digitalisation in reinforcing mimetic pressures cannot be overlooked. The increasing visibility of sustainability initiatives through digital platforms and corporate websites has amplified pressure on SMEs to align with global trends (Al-Omoush, 2024). Social media, in particular, serves as a powerful tool for promoting sustainability best practices, as businesses that actively showcase their ESG commitments tend to gain public trust and consumer loyalty (Jayadatta, 2023). However, SMEs that lack digital literacy and technological infrastructure may struggle to leverage these platforms effectively, leading to disparities in sustainability reporting practices across different sectors.

The interplay of regulatory, normative, and mimetic pressures creates a dynamic environment in which sustainability reporting practices evolve among Ghanaian SMEs. While external forces drive awareness and adoption, structural challenges such as financial constraints, lack of expertise, and limited enforcement mechanisms hinder full compliance. Therefore, for sustainability reporting to become more embedded in SME operations, a multifaceted approach is necessary. Policymakers should enhance enforcement mechanisms while providing financial and technical support tailored to SME needs. Likewise, industry associations and multinational corporations can play a mentoring role, helping smaller firms navigate sustainability frameworks. Additionally, educational institutions and professional bodies must continue advocating for ESG principles, equipping SMEs with the knowledge and skills necessary for meaningful sustainability reporting. By fostering an ecosystem that balances institutional pressures with supportive interventions, Ghanaian SMEs can improve their sustainability reporting practices, thereby contributing to long-term business resilience and national development goals.

2.9.2 Resource-Based View (RBV)

The Resource-Based View (RBV) is a fundamental theoretical lens that has been extensively used to understand how firms develop and sustain competitive advantages by leveraging their internal resources and capabilities (Barney, 1991). The theory highlights the unequal distribution of resources, emphasising that those resources which are valuable, rare, inimitable, and non-substitutable (VRIN) can significantly contribute to long-term success (Barney, 1991). According to the theory, resources encompass all assets, knowledge, processes, and capabilities that a firm possesses and utilises (Miller, 2019). These resources may be intangible, such as organizational culture, brand reputation, and managerial expertise, or tangible, such as equipment and financial capital (Kamasak, 2017). Additionally, Miller (2019) explained that the theory argues that a firm can achieve a competitive advantage by possessing and effectively leveraging unique resources that competitors cannot easily replicate. From this perspective, sustainability reporting is identified as a strategic resource that enhances competitive advantage.

In the context of sustainability reporting, RBV emphasises that organisations must capitalise on their unique internal strengths, such as leadership commitment, financial resources, and organisational culture, to effectively implement sustainable business practices. For Ghanaian small and medium-sized enterprises (SMEs), which play a critical role in driving economic growth and employment, sustainability reporting is often constrained by limited resources (Owusu et al., 2024). Nevertheless, by strategically utilising their distinctive capabilities, these enterprises can overcome such barriers and integrate sustainability into their operational strategies in a manner that supports long-term competitive advantage.

For example, leadership commitment is one of the primary internal capabilities that influence sustainability reporting in SMEs. Effective leadership not only sets the strategic vision for an organisation but also serves as a catalyst for change by fostering a culture that prioritises sustainability (Jerab et al., 2023). In the Ghanaian context, SMEs that benefit from strong leadership support are more inclined to adopt comprehensive sustainability reporting practices (Appiah, 2024). Leaders who understand and appreciate the long-term benefits of sustainability, such as enhanced corporate reputation, improved stakeholder trust, and greater operational efficiency, are more likely to allocate the necessary resources for sustainability initiatives (Khan, 2020). Moreover, these leaders act as change agents who integrate sustainability into the core governance and decision-making processes of their organisations (Sroufe, 2017). However, it is important to note that in many Ghanaian SMEs, leadership often focuses on achieving short-term financial gains rather than long-term sustainable growth, which results in inconsistent and sometimes superficial sustainability reporting practices (Sommer, 2017). Consequently, enhancing leadership commitment remains crucial, and policymakers should consider initiatives that provide training and incentives for SME leaders to embrace sustainable strategies.

In addition to leadership commitment, the availability and efficient utilisation of financial resources are vital determinants of sustainability reporting. Financial resources enable SMEs to invest in the technological infrastructure, training programs, and environmental management systems that are necessary to meet sustainability reporting standards (Ferenhof et al., 2014). According to RBV, firms endowed with substantial financial resources can better allocate funds towards sustainability-related activities such as sustainability training, the purchase of reporting software and the development of robust internal systems for tracking environmental performance (Barney, 1991). In contrast, SMEs facing severe financial constraints often perceive sustainability reporting as an expensive and burdensome obligation, which further diminishes their capacity to comply with evolving disclosure requirements (Santi et al., 2024). Moreover, Santi et al. (2024) highlight that the high costs associated with compliance, including third-party audits and certification processes, can deter resource-poor SMEs from fully engaging in sustainability reporting. Therefore, governmental bodies and financial institutions must step in to provide targeted financial support such as grants, low-interest loans, and tax incentives to assist SMEs in overcoming these resource challenges (Santi et al., 2024).

Furthermore, organisational culture plays an equally pivotal role in shaping sustainability reporting practices. An organisation's culture is the collective expression of its values, beliefs, and practices, and it fundamentally influences how employees and management approach sustainability issues (Hofstede, 1998). In Ghanaian SMEs, a sustainability-oriented culture not only encourages transparency and ethical business practices but also drives innovation in areas such as energy efficiency, waste reduction, and sustainable product design (Amoako & Asante, 2019). For instance, SMEs that cultivate a strong culture of corporate social responsibility are more likely to embed sustainability deeply into their daily operations and strategic planning (Murillo & Lozano, 2006). Conversely, a weak sustainability culture can lead to apathy toward environmental, social, and governance concerns, thereby resulting in minimal or ineffective sustainability reporting (Ikpor et al., 2022). In addition, continuous employee training, stakeholder engagement, and internal reward systems are essential components that reinforce a sustainability-driven culture (Galpin et al., 2015). As a result, fostering a robust organisational culture that values sustainability is crucial for the successful integration of sustainability reporting practices within SMEs.

Moreover, the interplay among leadership commitment, financial resources, and organisational culture creates a synergistic effect that enhances the overall efficacy of sustainability reporting. For example, even if an SME possesses adequate financial resources, the absence of visionary leadership can impede the effective implementation of sustainability strategies (Bello et al., 2024). Similarly, a strong sustainability culture may exist, but without the necessary financial backing, initiatives might remain underdeveloped and fail to meet reporting standards (Bello et al., 2024). Therefore, a holistic approach that simultaneously strengthens all these internal capabilities is essential. In this regard, Komakech et al. (2025) underscore the importance of systematically managing internal resources to not only address current challenges but also to capitalise on emerging trends. Their study demonstrates that a well-aligned resource base, integrating leadership, financial support, and cultural alignment, can significantly bolster an organisation's ability to sustain competitive advantages, even in dynamic market conditions.

In addition, recent evidence suggests that advanced digital technologies and innovative management practices are becoming increasingly significant as internal resources that support sustainability reporting (Lombardi & Secundo, 2021). For instance, investments in digital infrastructure, such as enterprise resource planning systems, cloud-based data management, and real-time monitoring tools, can facilitate the collection, analysis, and dissemination of sustainability data (Yadav et al., 2024). These technological resources, when managed effectively, enable SMEs to streamline reporting processes, enhance data accuracy, and improve overall transparency. Furthermore, the integration of digital tools with sustainability practices creates a feedback loop that reinforces continuous improvement. Consequently, technology acts as a strategic resource that complements other internal capabilities by providing the necessary tools to monitor and report on environmental, social, and governance metrics efficiently (Lombardi & Secundo, 2021). Such digital advancements not only improve operational efficiency but also serve as a differentiator in competitive markets where transparency and accountability are increasingly valued by stakeholders (Lombardi & Secundo, 2021).

Similarly, dynamic capabilities, which refer to a firm's ability to adapt, reconfigure, and renew its internal resources in response to changing market conditions, are critical in sustaining competitive advantage through sustainability reporting (Bari et al., 2022). Dynamic capabilities enable SMEs to adjust their internal processes, reallocate resources, and innovate in response to external pressures and internal challenges (Teece et al., 1997). For example, in times of market uncertainty or when environmental regulations change, SMEs with strong dynamic capabilities can swiftly realign their sustainability strategies to remain compliant and competitive (Teece et al., 1997). This agility is particularly important given the rapid pace of technological change and evolving global sustainability standards

(Miceli et al., 2021). As a result, incorporating dynamic capabilities into the RBV framework offers a more nuanced understanding of how SMEs can achieve long-term success in sustainability reporting.

Furthermore, Mahoney and Pandian (1992) stated that it is crucial to acknowledge that the effective management of internal resources is not a standalone endeavour; rather, it requires the convergence of various strategic initiatives and external support mechanisms. Capacity-building programs, collaborative networks, and academic-policy partnerships can provide SMEs with access to best practices and expert guidance, thereby enhancing their internal capabilities (Mahoney & Pandian, 1992). By aligning internal resource management with external support, SMEs are better positioned to overcome the resource constraints that have traditionally impeded their sustainability reporting efforts (Oliver, 1997; Peng, 2001). Such an integrative approach not only helps in meeting compliance requirements but also in fostering an organisational environment conducive to sustainable growth (Oliver, 1997).

The RBV offers valuable insights into how Ghanaian SMEs can leverage their internal capabilities to enhance sustainability reporting practices. Leadership commitment, financial resources, and organisational culture emerge as cornerstone enablers that determine the extent of engagement in sustainable practices. Moreover, the integration of digital technologies and dynamic capabilities further reinforces the ability of SMEs to adapt and respond to external challenges, thereby securing a sustained competitive advantage. SMEs that demonstrate robust sustainability reporting may enhance stakeholder trust, strengthen their reputation, and build investor confidence; these are intangible assets that can be challenging for competitors to replicate. In resource-constrained environments such as Ghana, an SME's ability to innovate, maintain ethical business practices, and implement efficient sustainability measures may enable it to outperform its competitors.

2.9.3 Summary: Theoretical Foundations and Key Observations

The increasing prominence of sustainability within global business practice has intensified scholarly attention on the drivers that influence small and medium-sized enterprises (SMEs) to adopt sustainability reporting. In emerging economies such as Ghana, where SMEs constitute a major share of the economic fabric, the ability to align with environmental, social, and governance (ESG) expectations presents both opportunities and challenges. Yet, the extent to which these enterprises are aware of, prepared for, and actively responsive to sustainability reporting remains insufficiently documented (Ofori & Atiase, 2021; Owusu et al., 2024). To clarify these dynamics, it becomes necessary to draw on theoretical perspectives that capture both external pressures and internal capacities. Two frameworks, Institutional Theory and the Resource-Based View (RBV), offer this dual lens and help explain the enablers and constraints that shape SMEs' reporting behaviours.

Building on this need for dual perspectives, Institutional Theory underscores that organisations do not operate in isolation but within broader environments governed by social norms, regulatory frameworks, and expectations of legitimacy (DiMaggio & Powell, 1983; Abisuga-Oyekunle et al., 2020). For SMEs in Ghana, coercive, normative, and mimetic pressures converge to influence sustainability reporting practices. Coercive forces emerge through formal regulation, such as environmental disclosure guidelines set by Ghana's Environmental Protection Agency (EPA) and requirements under the Companies Code (Adjabeng & Osei, 2022). At the same time, normative pressures stem from professional bodies, multinational corporations (MNCs), and global ESG norms that cascade into local industries, while mimetic pressures encourage SMEs to imitate the practices of successful firms, particularly in export-oriented sectors like cocoa and textiles (Krell et al., 2016; Elvis et al., 2022). However, despite these multiple forms of pressure, their effectiveness remains uneven; many SMEs continue to view sustainability reporting as costly, complex, or peripheral, particularly in the absence of robust enforcement mechanisms or sector-specific guidance (Opoku-Mensah et al., 2022; Sommer, 2017).

Shifting the lens inward, the Resource-Based View highlights how SMEs can leverage internal resources and capabilities to respond to these external demands. Central to RBV is the premise that resources which are valuable, rare, inimitable, and non-substitutable provide the foundation for sustainable competitive advantage (Barney, 1991). In Ghanaian SMEs, leadership commitment, financial resources, and organisational culture are repeatedly highlighted as decisive factors influencing the adoption of sustainability reporting (Jerab et al., 2023; Appiah, 2024). For instance, leaders who appreciate the reputational, operational, and strategic value of sustainability are more inclined to allocate resources to disclosure initiatives, while financial capacity determines the ability to invest in reporting infrastructure, training, and certification processes (Santi et al., 2024). Similarly, an organisational culture oriented toward ethical practices and corporate responsibility fosters greater transparency and enhances the likelihood of meaningful sustainability engagement (Amoako & Asante, 2019).

Extending this perspective further, recent RBV literature draws attention to dynamic capabilities and digital technologies. Dynamic capabilities enable firms to reconfigure and adapt their processes in response to evolving ESG standards and shifting market pressures, a capacity particularly relevant in volatile institutional environments like Ghana (Teece et al., 1997; Bari et al., 2022). Likewise, digital tools such as cloud-based systems and enterprise platforms provide SMEs with cost-effective mechanisms to collect, monitor, and communicate sustainability data (Lombardi & Secundo, 2021; Yadav et al., 2024). Thus, while Institutional Theory explains the pressures that make sustainability reporting a legitimacy imperative, RBV helps illuminate the internal mechanisms through which SMEs are able, or unable, to respond effectively.

Taken together, these two perspectives present a complementary and integrated view of sustainability reporting. Institutional Theory foregrounds the external pressures that incentivise or compel SMEs to adopt sustainability practices, while RBV highlights the internal strengths and limitations that determine the depth, quality, and sustainability of those practices. In the Ghanaian context, this interplay is particularly evident: although SMEs face mounting institutional pressures from regulators, professional bodies, and global markets, their capacity to respond is often constrained by financial limitations, short-term strategic priorities, and weak organisational cultures. Conversely, even SMEs with relatively strong internal resources may struggle to translate these advantages into effective reporting if institutional environments remain fragmented or weakly enforced (Ofori & Atiase, 2021; Sroufe, 2017).

In conclusion, sustainability reporting among Ghanaian SMEs can be best understood as the product of an interaction between institutional demands and resource-based capacities. Rather than viewing SMEs merely as passive actors responding to regulation or as fully autonomous firms leveraging resources, it is more accurate to see them as organisations navigating a dynamic interplay where institutional pressures create legitimacy imperatives, and resource-based capacities determine whether engagement is substantive or symbolic.

2.10 Justification for Excluding Industry-Level Analysis

Although the Strategy Tripod framework highlights industry-based factors, such as competitive intensity, sectoral norms, and market structure, as important determinants of firm behaviour, their relevance in this study is limited due to the characteristics of Ghana’s SME landscape. SMEs in Ghana operate within highly fragmented, heterogeneous, and often informal markets where competitive pressures are driven less by industry structure and more by pervasive resource constraints and institutional weaknesses, a pattern consistently highlighted across both contemporary analyses (GCB Bank, 2024) and earlier foundational studies (Abor & Quartey, 2010). Empirical studies show that Ghanaian SMEs across sectors face similar cross-cutting challenges, including limited access to finance, inadequate managerial capacity, and weak regulatory enforcement, which diminish the explanatory power of industry-level differentiation (Amoako & Lyon, 2020; Afrane, 2024). Furthermore, competitive advantage among SMEs in Ghana is driven less by industry forces and more by internal capabilities such as leadership orientation, innovation, and resource mobilisation (Anim & Asante, 2023). Given the small sample size and purposive sampling strategy adopted in this study, meaningful industry-level comparisons were neither feasible nor theoretically justified. Prior research also indicates that sustainability engagement in Ghana is shaped predominantly by institutional pressures, stakeholder expectations, and organisational readiness rather than by sector-specific competitive dynamics (KPMG, 2024; Adenutsi et al., 2025). For these reasons, the analysis prioritises internal and external institutional factors, which offer a more accurate and contextually grounded explanation of SME sustainability reporting behaviour in Ghana.

2.11 Summary and Conclusion of Literature Reviewed

This chapter has synthesised key theoretical and empirical contributions to the literature on sustainability reporting (SR), demonstrating that SR has moved from peripheral environmental disclosure to a central instrument of corporate governance and strategic management (Sommer, 2017; GRI, 2023). The review showed that in developed economies SR is increasingly institutionalised through regulatory directives, investor scrutiny, and professional standards, most notably the EU's Corporate Sustainability Reporting Directive (CSRD), the GRI, and the recent convergence efforts under IFRS/ISSB, which together have raised expectations for comparability, assurance and digital reporting (European Commission, 2023; IFRS Foundation, 2024; KPMG, 2024). At the same time, scholarship confirms that SR performs dual functions: it operates as an internal management tool that supports performance measurement and strategic risk management, and as an external legitimising mechanism that communicates corporate commitments to stakeholders (Cho et al., 2023; Deegan, 2014).

The review further established a clear contrast between the SR experiences of developed and emerging economies. In advanced jurisdictions, comprehensive legal frameworks, developed assurance markets, and extensive advisory infrastructures have fostered high rates of disclosure and improved data quality (KPMG, 2024; IFAC, 2025), whereas in many emerging markets reporting remains fragmented, largely voluntary, and constrained by weak enforcement and limited institutional capacity (OECD, 2023; UNCTAD, 2024). Empirical studies from Sub-Saharan Africa and other developing regions corroborate this pattern, showing that while many firms undertake sustainability-oriented activities, relatively few translate those activities into formal, assured disclosures comparable with international standards (Acheampong et al., 2024; Rossi & Luque-Vílchez, 2021).

Attention to small and medium-sized enterprises (SMEs) emerged as a persistent theme and an evidentiary gap. The literature demonstrates that SMEs differ from large firms in capacities, incentives, and exposure to stakeholder pressures; consequently, their SR practices are more likely to be informal, narrative-based, or entirely absent unless driven by supply-chain mandates or targeted support programs (Guerrero-Baena et al., 2024; G20/OECD, 2024). Country-level research, particularly in Ghana, reveals that SMEs often engage in community and environmental actions but seldom institutionalise reporting owing to resource constraints, low technical capability, and weak regulatory incentives (Acheampong, Boateng, & Mensah, 2024).

Theoretical grounding across the reviewed studies underscores the explanatory power of Institutional Theory and the Resource-Based View (RBV). Institutional Theory helps account for how coercive, normative and mimetic pressures drive SR adoption in contexts where legal mandates, professional norms, or marketplace imitation prevail (DiMaggio & Powell, 1983; Krell et al., 2016), while RBV highlights how firm-level resources, financial, human and technological, determine the capacity to collect, manage and disclose sustainability data (D'Oria et al., 2021; Komakech et al., 2025). The interplay of these perspectives explains why similar global drivers produce divergent reporting outcomes across countries and firm sizes.

Methodologically, the literature shows a dominance of cross-sectional and descriptive studies, with relatively few longitudinal, comparative, or intervention-based evaluations that could unpack causal relationships or evaluate policy effectiveness (Rindfleisch et al., 2008; OECD, 2025). This limitation constrains our ability to determine whether SR leads to measurable improvements in firm performance, access to finance, or sustainable outcomes, particularly for SMEs in resource-constrained settings (Darnall et al., 2022; SME Finance Forum, 2025).

Policy and practice implications consistently emerge from the review. First, global convergence toward common reporting standards (e.g., ESRS, IFRS S1/S2, and GRI) creates opportunities for comparability but also risks imposing disproportionate burdens on smaller firms and jurisdictions with weak institutional capacity (IFRS Foundation, 2024; Hummel & Jobst, 2024). Second, the evidence suggests that supply-chain pressures and access to sustainability-linked finance are significant levers for SR diffusion; however, without parallel investments in SME capacity building, digital infrastructure, and proportionate reporting templates, many SMEs will remain excluded from credible disclosure regimes (G20/OECD, 2024; Guerrero-Baena et al., 2024). Third, culturally attuned reporting models that incorporate indigenous norms of communal welfare and reciprocity may improve local relevance and uptake of SR in many African and other developing contexts (Amaeshi et al., 2016; Acheampong et al., 2024).

In conclusion, the literature review demonstrates that while SR is increasingly central to corporate governance globally, there remains a substantial evidence gap concerning how SR can be made inclusive, scalable, and contextually appropriate for SMEs in emerging economies such as Ghana (OECD, 2025; KPMG, 2024). Closing this gap will require pluralistic research designs, comparative cross-country studies, longitudinal panels, and experimental evaluations of capacity-building interventions, combined with policy experimentation that tests proportional and SME-sensitive reporting models (Rossi & Luque-Vílchez, 2021; G20/OECD, 2024). The present study therefore, builds on this review by adopting an integrative institutional and RBV lens to investigate the drivers, barriers, and practical pathways for enhancing SR among Ghanaian SMEs, to generate evidence that is both academically rigorous and directly useful for policymakers and practitioners.

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Chapter 3: Methodology

This chapter outlines the methodological framework adopted to examine SMEs' preparedness for sustainability reporting in Ghana. Essentially, the interpretivist philosophy, inductive approach, exploratory strategy, and purposive sampling of participants across key sectors. Semi-structured interviews and thematic analysis formed the core of data collection and interpretation, supported by measures to ensure trustworthiness and ethical integrity. These methodological choices provide a coherent foundation for the findings presented in Chapter Four.

3.1 Research Philosophy

This study adopts an interpretivist research philosophy, which is particularly appropriate for exploring how Ghanaian SMEs understand and respond to the challenges of sustainability reporting. Interpretivism is underpinned by the assumption that reality is socially constructed rather than objectively fixed and is best understood through the meanings individuals assign to their experiences (Tanlaka & Aryal, 2025). In contrast to positivist traditions that privilege quantifiable data and generalisable laws, interpretivism recognises that phenomena such as sustainability readiness are dynamic, subjective, and context-dependent. In contrast to positivist traditions that privilege quantifiable data and generalisable laws, interpretivism recognises that phenomena such as sustainability readiness are dynamic, subjective, and context- dependent. They cannot be fully explained by statistical measures alone but must instead be studied through the perspectives of actors directly engaged in the process.

Within this context, interpretivism is essential because sustainability reporting among Ghanaian SMEs is neither a standardised nor a uniform practice. Rather, it is continuously shaped by how SME leaders, regulators, and industry actors interpret external pressures, assess internal capacities, and negotiate competing priorities. For example, while one SME may perceive disclosure as a strategic pathway to legitimacy and market access, another may see it as an unnecessary cost burden that strains scarce resources. Interpretivism makes it possible to capture these variations in perception, thereby offering a nuanced understanding of how and why SMEs engage differently with sustainability reporting. By prioritising participants' lived experiences, the philosophy provides the flexibility to explore the subtleties of organisational behaviour, including the influence of leadership vision, cultural values, and technical expertise (Tanlaka & Aryal, 2025).

Equally important, interpretivism enables the study to examine the tensions and trade-offs SMEs encounter in practice. As Potrac et al. (2025) emphasise, interpretivist approaches are well-suited for investigating complex realities in which organisations must weigh immediate survival needs against long-term strategic imperatives. For Ghanaian SMEs, such tensions include balancing resource constraints against institutional expectations, or reconciling community-based obligations with international sustainability standards. A positivist approach might reduce these challenges to measurable compliance rates, but interpretivism acknowledges the contested, multi-layered, and subjective character of these decisions. This comparative advantage strengthens the case for interpretivism over positivism, since the latter risks obscuring the nuanced realities of daily practice by imposing overly rigid categories.

Moreover, this research philosophy enhances the theoretical application of Resource-Based View (RBV) and Institutional Theory. While RBV draws attention to firm-specific resources such as leadership commitment, financial capacity, and organisational culture, Institutional Theory highlights the shaping role of coercive, normative, and mimetic pressures (DiMaggio & Powell, 1983; Wiesner, 2022; Balzano et al., 2025). Interpretivism ensures that these frameworks are not merely applied in abstraction but are operationalised through the subjective accounts of SME actors themselves. In this way, the study captures how institutional pressures are perceived, internalised, or resisted, and how internal resources are mobilised in response to these external demands. This integration provides a more grounded understanding of how theory manifests in practice.

Accordingly, this interpretivist orientation also justifies the study's reliance on qualitative interviews and thematic analysis, as these methods are best suited to capturing the subjective meanings, contextual dynamics, and lived experiences that shape how Ghanaian SMEs engage with sustainability reporting. Building on this philosophical foundation, the research design prioritises depth over breadth, emphasising the collection of rich, contextualised insights rather than quantifiable generalisations. This orientation naturally guides the methodological choices in the subsequent section, particularly the adoption of qualitative strategies that allow for an in-depth exploration of SME leaders' perspectives, institutional pressures, and resource dynamics. In this way, the research design directly operationalises the philosophical stance, ensuring coherence between epistemological assumptions and methodological execution.

In summary, the adoption of interpretivism reflects a deliberate methodological and epistemological choice that aligns closely with the objectives of the study. It not only provides the flexibility to examine complex realities surrounding sustainability reporting in Ghanaian SMEs but also ensures that the study contributes distinctive insights by foregrounding subjective interpretations and contextual nuances. By explicitly linking the research philosophy to both theoretical and methodological commitments, this section establishes a coherent foundation upon which the remainder of the research design is built.

3.2 Research Approach and Strategy

This study adopts an inductive research approach combined with an exploratory strategy as the most appropriate framework for investigating how internal and external factors shape the preparedness of Ghanaian SMEs for sustainability reporting. Induction is particularly suited to research areas that are under-theorised and context-specific, where empirical realities are not yet sufficiently captured by existing frameworks (Azungah, 2018; Barroga et al., 2023). In Ghana, sustainability reporting among SMEs remains emergent, fragmented, and inconsistently documented. An inductive stance therefore allowed the study to remain open to patterns emerging directly from participants' lived experiences, avoiding premature closure that would result from imposing rigid, pre-existing hypotheses. This orientation was essential for addressing the study's dual aims: first, to examine how internal resources, such as leadership commitment, organisational culture, financial capacity, and technical expertise, influence preparedness; and second, to interrogate how external institutional pressures, including regulatory frameworks, market demands, and institutional support systems, shape reporting behaviours.

Building on this inductive foundation, the study employed an exploratory research strategy to investigate sustainability reporting as a phenomenon that is still evolving within Ghana's SME landscape. Exploratory research is valuable in situations where theoretical guidance is limited and where new conceptual categories must be generated from empirical inquiry (Lim, 2025). In this study, such a strategy created the space to capture the diverse interpretations of sustainability reporting, the varied responses to institutional pressures, and the tensions SMEs face between immediate operational survival and long-term reporting obligations. Unlike confirmatory strategies that test predefined relationships, the exploratory design emphasised flexibility, depth, and openness, enabling the research to uncover both expected and unexpected dynamics in SMEs' engagement with sustainability practices.

Importantly, the integration of inductive reasoning with an exploratory strategy facilitated a rigorous movement between empirical data and theoretical insight. Data collected from participants were not treated as isolated accounts but were systematically compared and interpreted considering the Resource-Based View (RBV) and Institutional Theory. This iterative process, moving from data to theory and back again, ensured that the analysis addressed not only what internal and external factors influence preparedness but also how and why these influences are mediated by context-specific meanings and sectoral variations. In doing so, the research avoided the risk of descriptive empiricism by positioning findings within broader scholarly debates on sustainability reporting in emerging economies. Consequently, the combined inductive–exploratory orientation produced findings that are at once grounded in lived experience and theoretically generative, thereby ensuring both empirical depth and scholarly contribution.

By contrast, a deductive or explanatory approach would have been less appropriate, as it assumes the existence of well-established theories or measurable constructs to be tested against predefined hypotheses (Dharavath, 2025). In the context of Ghanaian SMEs, where sustainability reporting is still at a nascent stage and characterised by fragmented practices, such an approach could have constrained the inquiry to externally imposed categories and overlooked the subtleties of lived experience. The inductive–exploratory orientation was therefore deliberately chosen to allow theories to be informed and extended by empirical realities, rather than the reverse. This choice ensures that the research design remains responsive to context while also contributing to the refinement of theoretical understanding in the field.

In direct alignment with this orientation, the study relies on qualitative interviews and thematic analysis rather than quantitative surveys or statistical modelling. Qualitative interviews provide the flexibility to probe participants' subjective experiences, contextual interpretations, and nuanced decision-making processes in ways that closed-ended survey instruments cannot (Creswell & Poth, 2018). For SMEs in Ghana, where sustainability reporting practices are often informal, uneven, and shaped by localised realities, interviews are particularly well-suited to uncovering the *why* and *how* behind reporting behaviours rather than merely the *what*. Thematic analysis complements this by enabling a systematic yet flexible approach to identifying, interpreting, and comparing patterns across participants' accounts (Braun & Clarke, 2019). This ensures that findings remain rooted in lived experience while still allowing for cross-case synthesis and theoretical interpretation.

Conversely, a quantitative survey-based approach would have privileged breadth over depth, focusing on measurable indicators such as compliance levels, adoption rates, or financial expenditures. While such data may be valuable for benchmarking, they risk oversimplifying the phenomenon by overlooking the subtle, context-driven meanings SMEs attach to sustainability reporting. Surveys are also less effective at capturing the interplay of institutional pressures and internal resource dynamics, which require in-depth exploration of perceptions, values, and practices. By prioritising qualitative interviews and thematic analysis, the study preserves coherence with its interpretivist philosophy and inductive–exploratory stance, ensuring that its methodological execution is tightly aligned with its epistemological commitments.

Taken together, the inductive–exploratory orientation and the reliance on qualitative interviews with thematic analysis establish a coherent foundation for examining how Ghanaian SMEs interpret and navigate sustainability reporting. This alignment between philosophy, approach, and method ensures that the study remains sensitive to context while generating theoretically meaningful insights. Building on this foundation, the next section outlines the specific methodological choices and temporal scope through which the study operationalises these strategies, thereby translating the broader epistemological commitments into concrete research design decisions.

3.3 Research Choices and Time Horizon

In alignment with the study's exploratory orientation, a qualitative mono-method design was employed, relying on semi-structured interviews as the sole mode of inquiry (Saunders & Darabi, 2024). This choice ensured depth and coherence, allowing the research to capture participants' nuanced understandings of sustainability reporting rather than dispersing emphasis across multiple methods. By engaging directly with SME leaders, regulators, and industry experts, the design created space for rich, context-specific narratives that aligned tightly with the research objectives. The mono-method approach also safeguarded methodological consistency, ensuring that both data collection and analysis were grounded in a shared interpretive framework (Dolan et al., 2023).

Complementing this design, the research adopts a cross-sectional time horizon, enabling the collection of data from participants at a single point in time (Maier et al., 2023). This choice is particularly suitable because the study seeks to capture a snapshot of how Ghanaian SMEs currently perceive and navigate sustainability reporting, rather than trace long-term changes. By situating the investigation within a defined temporal frame, the study highlights the immediate interplay between internal capabilities and external institutional pressures. Moreover, the cross-sectional design facilitates comparisons across diverse sectors, including finance, healthcare, textiles, waste management, and agriculture, thereby making it possible to identify both shared challenges and sector-specific variations (Rindfleisch et al., 2008; Maier et al., 2023).

While this approach provides timely and practical insights, it is acknowledged that it does not capture how SMEs' preparedness may evolve. Consequently, the findings will be interpreted as reflective of a specific context and moment, rather than as evidence of longitudinal trends. Nonetheless, the adoption of a mono-method qualitative choice within a cross-sectional horizon ensures sufficient depth, coherence, and contextual relevance to meet the study's objectives, while also laying the groundwork for future longitudinal research that could track the evolution of sustainability reporting practices in response to shifting institutional and market pressures (Cohen et al., 2017).

3.4 Brief Description of the Study Area

Ghana, an emerging economy in West Africa, presents a compelling setting for research on sustainability reporting among Small and Medium-sized Enterprises (SMEs). As one of the most stable and democratic countries in the region, Ghana has experienced significant economic growth in recent years, driven by a mix of natural resources, agriculture, and services (World Bank, 2022). The country's emerging economy status, characterised by rapid urbanisation and industrialisation, underscores the need for sustainable business practices that balance economic growth with environmental and social responsibility (United Nations Development Programme, 2020).

Ghana's economic landscape is dominated by SMEs, which play a vital role in the country's economic development, accounting for approximately 70% of Ghana's GDP (World Bank, 2020). However, SMEs in Ghana face significant challenges, including limited access to finance, inadequate infrastructure, and regulatory constraints (Agyapong et al., 2017). Despite these challenges, SMEs offer a promising avenue for promoting sustainable development in Ghana, given their potential to create jobs, drive innovation, and contribute to economic growth (International Labour Organisation, 2019).

The relevance of Ghana as a research setting for sustainability reporting among SMEs is further underscored by the country's commitment to achieving the United Nations' Sustainable Development Goals (SDGs) (United Nations, 2015). Ghana's National Development Planning Commission has emphasised the importance of integrating the SDGs into national development plans, highlighting the need for sustainable business practices that support economic growth while minimising environmental and social harm (National Development Planning Commission, 2017).

This study focuses on two significant economic regions of Ghana: The Greater Accra

Region and the Central Region. Both regions play crucial roles in Ghana's economic landscape, with the Greater Accra Region serving as the nation's administrative and economic hub, and the Central Region boasting a rich history and cultural heritage.

3.4.1 Greater Accra Region

The Greater Accra Region serves as Ghana’s primary economic and administrative hub and was selected for its high concentration of SMEs operating in formalised business environments. According to the Ghana Statistical Service (2021), the region hosts the largest share of the service sector and commercial activities in the country, supported by relatively advanced infrastructure, regulatory presence, and market connectivity. The region recorded a GDP growth rate of 8.4% in 2020, outperforming the national average and reinforcing its role as a driver of national economic performance (Ghana Statistical Service, 2021). Furthermore, the World Bank (2022) projects continued economic expansion for Ghana, with national growth expected to reach 5.5% in 2023, much of which is anchored in activities concentrated in Greater Accra. These characteristics make the region an appropriate setting for examining SMEs that are more likely to encounter regulatory, market, and stakeholder pressures related to sustainability reporting.

3.4.2 Central Region

The Central Region has a thriving SME sector, with a mix of traditional and emerging industries, including agriculture, hospitality, and construction (Solomon, 2016). According to the Ghana Statistical Service (2020), the region has a high potential for economic growth, with a growing population and increasing urbanisation. The World Bank (2020) highlights the importance of SMEs in Ghana's economic development, noting that they account for approximately 70% of Ghana's GDP.

The Central Region was selected to complement the urban and highly formalised context of Greater Accra by providing insights from a more mixed economic environment. The region hosts a diverse SME base spanning agriculture, hospitality, construction, and small-scale manufacturing, reflecting both traditional and emerging industries (Solomon, 2016). According to the Ghana Statistical Service (2020), the Central Region demonstrates strong potential for economic growth, supported by increasing urbanisation and a growing working population. Nationally, SMEs account for approximately 70% of Ghana's GDP (World Bank, 2020), and the Central Region contributes significantly to this through its vibrant local enterprise ecosystem. Including this region, therefore, enables the study to capture perspectives from SMEs operating in less formalised institutional settings, enriching the comparative understanding of how regional dynamics influence sustainability reporting readiness.

3.4.3 Economic Significance

Both regions are significant contributors to Ghana's economy, with the Greater Accra Region driving economic growth and the Central Region providing opportunities for SME development. According to the Ghana Statistical Service (2021), the Greater Accra Region accounts for approximately 31.4% of Ghana's GDP, while the Central Region contributes around 8.4%.

The incorporation of both the Greater Accra and Central Regions into the study was methodologically significant, as the two areas represent distinct socio-economic and institutional environments within Ghana. These regional differences directly shaped the sampling strategy, data collection process, and the nature of the findings.

From a sampling perspective, the Greater Accra Region provided access to SMEs operating in a highly formalised and competitive business environment, where regulatory agencies, financial institutions, and market actors exert stronger influence. The Ghana Statistical Service (2021) identifies Greater Accra as the country's most economically active region, with the highest concentration of service sector enterprises and formalised SMEs.

This made it possible to recruit participants whose organisations had greater exposure to sustainability-related expectations, compliance requirements, and stakeholder scrutiny. In contrast, the Central Region offered a more diverse mix of formal and informal SMEs, enabling the study to capture perspectives from enterprises operating in settings where institutional enforcement is weaker and sustainability practices are less structured (Ghana Statistical Service, 2020). This regional variation strengthened the purposive sampling approach by ensuring representation across different levels of institutional maturity and market engagement.

Regional differences also influenced the data collection process. Interviews conducted in Greater Accra tended to involve participants with clearer familiarity with sustainability concepts, reporting frameworks, and regulatory expectations, which allowed for more detailed discussions on technical and strategic aspects of sustainability reporting. In the Central Region, however, interviews often required additional probing to explore awareness levels, resource constraints, and contextual challenges, reflecting the more informal and resource-limited nature of SMEs in that area (Amoah et al., 2022). These differences enriched the depth and diversity of the qualitative data.

Finally, the findings themselves were shaped by the regional contexts. SMEs in Greater Accra demonstrated higher readiness for sustainability reporting, driven by stronger market pressures, greater access to skilled personnel, and more frequent interactions with regulatory bodies. Conversely, SMEs in the Central Region highlighted challenges related to limited institutional support, lower awareness, and resource scarcity. This aligns with broader evidence that regional disparities in institutional strength and economic structure significantly influence SME behaviour in Ghana (World Bank, 2020). Incorporating both regions, therefore, allowed the study to identify how geographical and institutional variations influence internal capabilities, external pressures, and overall preparedness for sustainability reporting among Ghanaian SMEs.

3.5 Techniques and Procedures

This section outlines the specific methods employed to generate, analyse, and validate the study's data. It explains the procedures for data collection, sampling, analysis, and trustworthiness, as well as the ethical safeguards that guided the research process. Together, these techniques ensured that the findings were credible, contextually grounded, and aligned with the study's objectives.

3.5.1 Data Collection Procedure

The process of data collection was explicitly designed to ensure methodological rigour, transparency, and alignment with the research objectives. Central to this process was the development and administration of a semi-structured interview questionnaire (see *Appendix A*), which served as the primary instrument for gathering empirical evidence. The questionnaire was constructed directly from the study's research objectives (outlined in Chapter One) and theoretical framework (Chapter Two), particularly the Resource-Based View (RBV) and Institutional Theory. These theoretical lenses informed both the structure and content of the interview questions, ensuring that they captured internal organisational resources and external institutional influences relevant to sustainability reporting among Ghanaian SMEs.

3.5.2 Sampling and Sampling Technique

Sampling formed a critical component of this study's methodological design, providing a structured approach to identifying participants capable of offering deep, contextually grounded insights into sustainability reporting (SR) practices among Ghanaian small and medium-sized enterprises (SMEs). The study was situated within the Ghanaian SME landscape, a sector that constitutes the backbone of the national economy and reflects a diverse range of industrial, geographic, and institutional realities. Ghana's SMEs operate within an environment characterised by limited financial resources, evolving regulatory frameworks, and growing global attention to sustainability and environmental accountability. Given this complexity, the sampling strategy was designed to capture a range of perspectives that reflect both the diversity of enterprise operations and the institutional conditions shaping SR adoption.

To achieve this, the study employed purposive and convenience sampling, non-probability sampling techniques widely recognised as appropriate for qualitative research aiming to elicit depth, diversity, and richness of understanding rather than statistical generalisation (Mack et al., 2005). This approach allowed the researcher to deliberately select individuals with extensive knowledge and direct experience of sustainability practices within SMEs and related regulatory or institutional environments. By targeting information-rich participants, the study ensured that the data collected were empirically meaningful and analytically relevant to the research objectives.

Participants were drawn from two major economic regions in Ghana, the Greater Accra Region and the Central Region, which together represent both urban and semi-urban dynamics of enterprise operations. The selection of these regions was informed by their economic vibrancy and concentration of SME activity, as well as their institutional diversity in terms of regulatory engagement and access to sustainability support initiatives. Within these geographical areas, a total of seven (7) participants were purposively selected to ensure cross-sectoral representation. Specifically, three (3) participants were drawn from the financial sector, one (1) from the healthcare sector, one (1) from the textiles/educational sector, one (1) from the waste management sector, and two (1) from a cluster of enterprises spanning agriculture, laundering, and advertising. This cross-sectoral composition provided a robust comparative lens for examining how both internal resource capabilities and external institutional pressures influence SR practices across industries and regions.

The purposive sampling strategy also enabled the study to capture diverse professional perspectives. For example, participants from the financial sector were strategically positioned to discuss issues of regulatory compliance, disclosure obligations, and market-based sustainability incentives. In contrast, those from the textile and waste management sectors provided insight into operational challenges such as resource scarcity, technical limitations, and innovation in sustainability practices. This deliberate mix of participants enhanced the credibility and depth of the data, allowing for the identification of both convergences and divergences in sustainability preparedness among Ghanaian SMEs.

Data saturation was achieved after the seventh interview, when no new themes, insights, or significant variations were emerging from participants' responses. Subsequent interviews yielded recurring patterns and reaffirmed existing categories, indicating that the dataset had reached sufficient informational depth and redundancy. The decision to stop at seven participants was therefore methodologically justified in line with qualitative research conventions, which prioritise thematic richness and analytical completeness over numerical size. Achieving saturation at this stage enhanced the trustworthiness of the findings by ensuring that the collected data adequately captured the breadth and diversity of perspectives required to address the study's research objectives.

Overall, the sampling process was guided by the principle of analytical depth rather than breadth, ensuring that selected participants represented a balance between institutional oversight and practical implementation. By situating the sampling within Ghana's SME context and employing a purposive, cross-sectoral selection approach, the study was able to generate nuanced, empirically grounded insights into the factors shaping SMEs' preparedness for sustainability reporting. This approach contributed significantly to the robustness of the research design, ensuring that the resulting findings reflected the real-world diversity of experiences within Ghana's evolving sustainability landscape.

Table 3.1 Participants Characteristics Table
This table summarises the biographical characteristics of the seven participants based on the information contained in the thesis.

Respondent ID	Sector	Region	Role/Position	Firm Type / Activity
P1	Finance	Central Region	CEO (anonymised)	Financial services SME
P2	Finance	Central Region	Manager	Financial services SME
P3	Finance	Greater Accra	Manager / Officer	Financial services SME
P4	Healthcare	Greater Accra	CFO	Private healthcare SME
P5	Textiles / Education	Central Region	Lecturer / Owner	Textile production & training SME
P6	Waste Management	Greater Accra	CEO / Lecturer	Waste management & recycling SME
P7	Agriculture / Laundry / Advertising Cluster	Greater Accra	Owner / Manager	Mixed-sector micro-enterprise

This table reflects only the information explicitly provided in the thesis and maintains participant anonymity in line with ethical requirements.

3.5.2.1 Interview Questionnaire Design and Structure

The interview questionnaire served as the principal data collection instrument, providing the essential link between the study's conceptual framework and its empirical investigation. Its design was rooted in the interpretivist philosophical orientation that underpins this research, which emphasizes the co-construction of knowledge through participants' lived experiences rather than through the manipulation of variables (Potrac et al., 2025; Tanlaka & Aryal, 2025). Consistent with interpretivist traditions in qualitative inquiry, the questionnaire was semi-structured to permit flexibility and depth, enabling participants to articulate their perspectives while ensuring that discussions remained aligned with the study's objectives

(Azungah, 2018; Ahmed, 2024). This format allowed for comparative exploration across cases and the emergence of nuanced insights into the socio-organizational realities of sustainability reporting among Ghanaian SMEs.

The construction of the interview guide was systematically informed by the research objectives presented in Chapter One and by the conceptual underpinnings of Institutional Theory and the Resource-Based View (RBV) detailed in Chapter Two. These theoretical perspectives served as interpretive lenses for identifying the internal and external determinants influencing SMEs' sustainability reporting. From the RBV standpoint, firm-level resources such as leadership commitment, organizational culture, financial capacity, and absorptive capabilities are pivotal in achieving and sustaining competitive advantage (Barney, 1991; D'Oria et al., 2021; Komakech et al., 2025). Accordingly, questions in this cluster were designed to elicit participants' reflections on how these internal resources either enabled or constrained their engagement with sustainability reporting practices. This approach aligns with recent research underscoring the strategic value of leadership, learning capability, and organizational culture in driving sustainability-oriented performance among SMEs in emerging economies (Agyapong et al., 2024; Ahsan, 2024; Assoratgoon & Kantabutra, 2023).

Complementing this, Institutional Theory (DiMaggio & Powell, 1983) framed the second set of questions, which explored how external pressures, regulatory, normative, and mimetic, influence SMEs' sustainability behaviour. This framework emphasizes that organizational practices often reflect responses to environmental legitimacy pressures rather than solely to internal efficiency imperatives (Chu et al., 2018; Balzano et al., 2025). Accordingly, the interview questions investigated the perceived influence of government regulations, fiscal policies, professional associations, and industry networks on SMEs' sustainability decisions. Similar approaches have been used in prior studies examining institutional drivers of sustainability adoption in Sub-Saharan Africa (Amoako et al., 2021; Osei & Ofori, 2025) and in developing Asian contexts (Achmad et al., 2023; Al-Omoush, 2024). By linking participant narratives to these institutional logics, the study captured both compliance-driven and culturally embedded motivations for sustainability reporting.

To deepen the richness and contextual sensitivity of the data, the questionnaire incorporated open-ended questions complemented by probing prompts. This structure fostered dialogical engagement, allowing participants to elaborate on ideas and clarify meanings (Mack et al., 2005; Braun & Clarke, 2021). For instance, when respondents mentioned "limited resources," probes were used to distinguish between financial, technical, and human resource constraints, dimensions well-documented in SME sustainability literature (Abdul Basit et al., 2024; Abisuga-Oyekunle et al., 2020; Durrani et al., 2024). Such adaptive flexibility is essential in interpretive fieldwork, where meaning emerges through iterative researcher–participant interaction (Dolan et al., 2023; Lim, 2025). Moreover, this design ensured that each interview evolved as a co-constructed dialogue, consistent with calls for reflexivity and authenticity in qualitative SME research (Akor, 2023; Wiesner, 2022).

The questionnaire development process followed an iterative and consultative refinement cycle to ensure conceptual validity and cultural appropriateness. The preliminary version was reviewed by academic supervisors and later pilot-tested among two SME managers from non-sampled firms to assess clarity, sequencing, and contextual relevance. Pilot feedback indicated minor terminological ambiguities and linguistic barriers, which were subsequently revised to ensure inclusivity and cultural sensitivity, a practice emphasized in cross-cultural research on SME sustainability (Appiah et al., 2024; Tokro & Dzitse, 2024). Such validation processes align with best practices in qualitative research instrument design, where the credibility of findings depends on contextual and linguistic resonance (Ahmed, 2024; Lincoln & Guba, 1985).

The final version of the questionnaire was structured into three logically sequenced sections. The opening section captured demographic and organizational characteristics, providing context for interpreting responses. The second section explored internal drivers, leadership commitment, financial capacity, organizational culture, and technological capability, corresponding to RBV constructs (Paulraj, 2011; Kamasak, 2017). The third section focused on external influences, such as regulatory frameworks, institutional pressures, and market dynamics, consistent with the institutional isomorphism typology of coercive, normative, and mimetic mechanisms (DiMaggio & Powell, 1983; Frumkin & Galaskiewicz, 2004). This thematic arrangement facilitated a natural conversational flow and analytical coherence, supporting triangulation between theoretical constructs and empirical narratives (Eisenhardt, 1989; Fuchs, 2023).

To enhance analytical transparency, each question was mapped to its theoretical intent, linking empirical inquiry to conceptual domains. For example, the question "How does leadership commitment influence your organisation's sustainability reporting?" corresponded to RBV's strategic resource dimension (Ahsan, 2024), while "How do regulatory requirements affect your sustainability practices?" aligned with the coercive institutional pressure category (Afolabi et al., 2022; Yip et al., 2024). This systematic alignment reflects methodological rigour recommended in qualitative sustainability studies (Agama & Zubairu, 2022; Du Toit, 2024). Moreover, such mapping ensures theoretical consistency and enhances traceability in the thematic analysis process, as advocated by Braun and Clarke (2006, 2021).

The final field-ready version of the instrument included space for observational notes and probes, allowing the researcher to document contextual nuances and emerging insights during data collection. This pragmatic structure reflects the guidance of qualitative research design scholars who emphasize adaptability, sensitivity, and reflexivity in field settings

(Cohen et al., 2017; Saunders et al., 2019). The completed version of the semi-structured questionnaire is presented in *Appendix A*, with annotations linking each question to its theoretical foundation and research objective. Overall, the structured yet flexible design of the interview guide enabled the systematic exploration of how internal resources and external institutional pressures jointly shape the sustainability reporting readiness of Ghanaian SMEs (Owusu et al., 2024; Nketsiah & van der Westhuizen, 2025; Yongfu et al., 2025).

3.5.2.2 Interview Administration and Data Recording

Following the recruitment and consent process, interviews were scheduled at times most convenient for participants to accommodate the time zone differences between the United Kingdom and Ghana. Whenever possible, interviews were conducted via secure online platforms such as Zoom or WhatsApp, which ensured both accessibility and confidentiality throughout the process. Each interview lasted approximately 45 to 60 minutes, striking a careful balance between depth of inquiry and participant engagement. The semi-structured interview format served as a flexible yet guided framework, allowing for both comparability across cases and the pursuit of emergent insights. The researcher used the core questions as an anchor while employing probing and follow-up prompts to explore participants' unique experiences in greater depth. For example, respondents from the financial sector were encouraged to elaborate on compliance-related pressures and governance demands, whereas participants from the healthcare and textile sectors were prompted to discuss issues such as skill shortages, training deficiencies, and innovation constraints. This adaptive approach ensured that interviews remained both focused and responsive to sector-specific dynamics, thereby enriching the contextual understanding of sustainability readiness among Ghanaian SMEs (Amoako & Asante, 2019; Braun & Clarke, 2021).

With participants' explicit consent, all interviews were digitally audio-recorded to preserve the integrity and accuracy of the responses. Simultaneously, the researcher took detailed field notes to document non-verbal expressions, environmental cues, and contextual nuances that might not be captured in the audio recordings. These field notes later served as valuable interpretive aids during data analysis, offering contextual depth to complement the recorded narratives. Upon completion of each interview session, all audio recordings were transcribed verbatim using Whisper Transcribe, thereby producing an accurate and authentic textual record of participants' dialogues. The transcripts were subsequently reviewed alongside field notes to ensure internal consistency and enriched with annotations indicating tone, emphasis, and moments of hesitation to preserve the subtle meanings embedded in participants' narratives (Ahmed, 2024; Lim, 2025).

3.5.2.3 Data Organisation and Ethical Safeguards

After transcription, the data were systematically organised according to the two principal analytical categories established in the interview guide: internal factors and external factors. This structured arrangement ensured continuity between the design of the instrument and the subsequent stages of thematic analysis, facilitating a coherent linkage between empirical data and theoretical constructs such as the Resource-Based View and Institutional Theory (Barney, 1991; DiMaggio & Powell, 1983). To uphold ethical integrity, all identifying details, including participants' names, organisations, and specific locations, were anonymised prior to analysis. Each participant was assigned a coded identifier (e.g., P1–P7) used consistently across transcripts and reporting sections to maintain confidentiality while allowing traceability during data interpretation. All data materials, including audio files, transcripts, consent forms, and field notes, were securely stored in password-protected and encrypted digital folders accessible only to the researcher and supervisory team.

These procedures ensured compliance with institutional ethical guidelines (BERA, 2018; Appiah et al., 2024) and maintained participant privacy throughout the research process. By integrating rigorous data management protocols with ethical safeguards, the study achieved methodological transparency, trustworthiness, and credibility, essential hallmarks of high-quality qualitative inquiry (Lincoln & Guba, 1985; Stahl & King, 2020).

3.5.3 Data Analysis

The qualitative dataset was analysed using thematic analysis, following Braun and Clarke's six-phase model, because this method balances systematic rigour with the flexibility required to interpret lived meanings in an interpretivist study (Braun & Clarke, 2006; Fuchs, 2023). The analytical purpose was twofold: (1) to identify recurring patterns that explain what internal and external factors influence Ghanaian SMEs' readiness for sustainability reporting, and (2) to develop analytically salient themes that explain how those factors interact in context. To ensure traceability between raw data and final claims, the analysis combined deductive coding (driven by the study's conceptual categories: internal vs external factors) with an inductive openness to new, participant-led insights. Key illustrative findings from the interview dataset are reported in the Findings chapter.

The coding process proceeded in a transparent, repeatable sequence. First, the researcher undertook **f**amiliarisation by repeatedly reading verbatim transcripts, listening to audio, and reviewing field notes; this immersion highlighted both explicit statements (for example, concerns about compliance costs) and tacit cues (hesitation, emphasis) that contextualised meaning (Braun & Clarke, 2006). Second, initial codes were generated at a fine-grained level using a dual-mode approach: (a) deductive seed-codes based on the conceptual framework (e.g., *leadership*, *regulatory pressure*), and (b) inductive open-coding to capture emergent concerns (e.g., *"we plant trees but don't call it reporting"*). Coding was performed in NVivo to manage references and maintain an audit trail (QSR International, 2020). All initial codes were logged with short definitions, exemplar quotations, and transcript location tags to preserve provenance (*see Appendix C1*).

Third, the initial codes were reviewed and consolidated through iterative clustering.

Related codes were grouped into provisional categories using constant comparison: for example, *"lack of funds," "testing water is expensive," "can't afford consultants"* were grouped under the category *Financial and Technical Constraints*; *"owner resists change," "leader attended trade fair and changed practice"* were clustered under *Leadership Orientation*. During this stage, the researcher wrote analytic memos describing why codes grouped together and noting cross-sectoral differences (e.g., textile versus finance). Fourth, these categories were refined into themes that captured higher-order meaning and research relevance: e.g., Leadership Commitment, Organisational Culture as Soft Infrastructure, Resource Limitations, Institutional Pressures and Support Systems, and Global–Local Interface. Each theme was reviewed against all transcripts to confirm internal coherence and external distinctiveness (Braun & Clarke, 2006).

To make the coding process clear (*see Appendix C2*), a representative extract of the coding matrix is presented in Table 3.1 below (the full codebook with definitions, NVivo node names). In the table, each Raw Code shows the short label used in NVivo, Code Description gives inclusion/exclusion criteria, Illustrative Quote provides a verbatim example from the transcript, and Mapped Theme shows the higher-order theme into which the code was absorbed, hereby making the analytic moves transparent (*see Appendix C3*).

Table 3.2 Representative Coding Extract

Raw code (NVivo node)	Code description (inclusion/exclusion)	Illustrative quote (participant; transcript)	Mapped theme
lack funds	References to insufficient capital for SR activities (excluding general finance talk)	"*The financing of the sustainability reporting is the challenge... You have to cough up money somewhere…"* (Participant 3).	Resource Limitations
compliance costs	Costs of testing, consultants, permits	"*Testing water monthly is expensive... Waste disposal and equipment maintenance cost thousands*." (Participant 4).	Resource Limitations
owner short-term	Leadership focuses on short-term returns (excluding strategic long-term examples)	"*Any businessman's policy is that wherever I put money, I should get a return... Sustainability reporting doesn't bring immediate financial benefits*." Participant 7).	Leadership Commitment
Culture existing practices	Informal CSR activities not formalised as SR	"*We plant trees and avoid financing harmful businesses… but it's not yet formalised into reporting*." (Participant 1).	Organisational Culture
weak enforcement	Regulatory fragmentation, inconsistent enforcement	"*Current regulatory bodies like the EPA are more focused on advocacy than enforcement... Companies publish financial reports without mentioning sustainability."* (Participant 7).	Institutional Pressures
donor training	Institutional support: workshops, toolkits, donor projects	*"If the government partnered with universities to offer free sustainability courses for SMEs, adoption would skyrocket."* (Participant 3).	Institutional Support Systems
mimetic behaviour	Copying bigger firms' reporting styles	*"We copied the reporting style of bigger firms in our sector."* (Paraphrase of participant accounts)	Global–Local Interface

After theme definition, the researcher engaged in theoretical coding: linking themes to the study's conceptual frames (Institutional Theory and RBV) to explain mechanisms rather than merely cataloguing phenomena. For example, codes aggregated under Institutional Pressures were interpreted through coercive/normative/mimetic isomorphism (DiMaggio & Powell, 1983), while Leadership Commitment and Organisational Culture were read through RBV notions of firm-level capabilities (Barney, 1991).

To enhance trustworthiness, several quality procedures were implemented. An audit trail in NVivo preserved code evolution and memos; peer debriefing with two supervisors reviewed the codebook and theme labels; and member-checking sessions with three participants validated interpretive summaries (Lincoln & Guba, 1985). Where possible, triangulation with policy documents and the secondary literature (Chapter Two) corroborated claims about regulatory ambiguity and capacity gaps. These steps strengthened credibility while maintaining interpretive sensitivity. Finally, the analytical outputs (themes, illustrative quotes, and theory mappings) informed the Results chapter and the conceptual framework.

3.5.4 Trustworthiness

Ensuring the trustworthiness of qualitative research is essential for establishing confidence in both the process and the findings (Ahmed, 2024; Stahl & King, 2020). In this study, four key criteria, credibility, transferability, dependability, and confirmability, were systematically addressed to enhance the robustness of the research outcomes (Stahl & King, 2020). By adopting these measures, the study sought to provide not only reliable insights into Ghanaian SMEs' preparedness for sustainability reporting but also a transparent account of how such insights were derived.

To begin with, credibility was strengthened through several interrelated strategies. Member checking was employed by allowing participants to review their transcripts and verify that their views were accurately represented, thereby minimising the risk of misinterpretation. In addition, triangulation across sectors, including finance, healthcare, textiles, waste management, and agriculture, ensured that findings were not confined to a single industry but instead reflected a broader spectrum of organisational experiences. Through this cross-sectoral validation, the study reinforced the validity of its themes by demonstrating both shared challenges and sector-specific nuances.

Building on credibility, transferability was also carefully considered. While the research did not aim for statistical generalisation, it sought instead to offer analytical generalisation using thick, detailed descriptions. By presenting contextualised accounts of organisational realities and institutional practices, the study created opportunities for readers to assess whether the findings may be meaningfully applied to other SME environments. In this way, the study equipped future researchers and practitioners with the contextual depth required to evaluate the relevance of its insights in diverse settings. Closely related to this, dependability was ensured through the maintenance of a transparent and well-documented audit trail. All stages of the research process, from interview design and participant recruitment to coding decisions and thematic development, were carefully recorded. This systematic documentation provided a logical flow of evidence that allows external observers to trace how conclusions were reached, thereby reinforcing the reliability and stability of the study's results.

Finally, confirmability was addressed by foregrounding transparency and reflexivity throughout the analytic process. The use of verbatim transcription anchored findings firmly in participants' own words, while reflective notes written during analysis helped identify and mitigate potential researcher bias. Moreover, supervisory reviews provided an additional layer of external scrutiny, ensuring that interpretations were grounded in the data rather than subjective preferences. Together, these steps strengthened the neutrality and objectivity of the analysis.

In sum, by integrating strategies for credibility, transferability, dependability, and confirmability cohesively, the study established a trustworthy research process. As a result, readers and stakeholders can be confident that the findings not only capture the lived realities of SMEs navigating sustainability reporting in Ghana but also rest upon a rigorous and transparent methodological foundation.

3.6 Ethical Issues

This study was conducted under the principles of research ethics, ensuring the integrity and well-being of all participants. The research process, including the interviews, commenced after receiving ethical approval from the Faculty's Ethics Board of Bournemouth University on 2 June 2025, with a reference number 63751 (*see Appendix C*). Key ethical considerations, such as informed consent, anonymity, confidentiality, and voluntary participation, were ensured throughout the data collection process and in writing the research report.

3.6.1 Informed Consent

Participants received comprehensive information about the research (Appendix B), enabling them to understand the study's objectives and their roles as participants. All participants provided informed consent and voluntarily agreed to take part in the study (British Educational Research Association [BERA], 2011). Before participation, each individual reviewed and signed a consent form (Appendix C), which clarified their rights to anonymity and confidentiality.

3.6.2 Anonymity and Confidentiality

Participants were assured that their identities and any potentially identifiable information would not be included in the final report, following the BERA Ethical Guidelines (2011). They were also informed of their right to withdraw from the study at any point without providing a reason (BERA, 2011). Should a participant choose to withdraw, all data provided by that individual would be promptly deleted.

3.6.3 Data Protection and Security

Ensuring the protection and confidentiality of data was a central ethical consideration throughout this study. In qualitative research, where participants often disclose sensitive organisational practices and personal experiences, safeguarding information is critical for maintaining both academic integrity and participant trust (Saunders et al., 2015; Surmiak, 2018; Saunders et al., 2019). To achieve this, access to the data was tightly restricted to the primary researcher, supervisory team, and designated Bournemouth University (BU) personnel, in line with the principle of *least privilege*. Digital materials, including transcripts, interview recordings, coding matrices, and field notes, were stored on password-protected, encrypted drives, while signed consent forms were securely locked in a separate filing cabinet to prevent cross-linkage of personal identifiers with research content.

Equally rigorous procedures were applied to the transfer and anonymisation of data. All digital files shared with supervisors were transmitted via BU's encrypted email system, thereby avoiding vulnerable channels such as personal email accounts or portable drives. Furthermore, anonymisation was systematically applied to protect participants' identities: names, organisational affiliations, and positions were replaced with pseudonyms or coded identifiers, while contextual details that could indirectly reveal identity were generalised. This ensured that the integrity of the data was preserved for analysis while guaranteeing that individual voices could not be traced back to specific participants (Saunders et al., 2015; Prior et al., 2020).

Finally, the study complied with established retention and disposal policies. Anonymised datasets will be securely stored for five years following completion of the study to allow for potential academic verification before being permanently destroyed. Digital data will be erased using certified deletion software, and hard copies such as consent forms will be shredded to prevent recovery. By embedding security measures, restricted access, encrypted storage, secure transfer protocols, careful anonymisation, and time-bound retention, the study not only satisfied institutional and regulatory requirements but also demonstrated a strong ethical commitment to protecting participants. These measures enhanced the credibility of the research process and reinforced participants' confidence that their contributions were treated with the highest level of respect and confidentiality.

3.6.4 Data Transfer Outside the European Economic Area (EEA)

As part of the research design, it was necessary to transfer anonymised participant data between the European Economic Area (EEA) and Ghana, where the fieldwork was conducted and where the findings were contextualised within the broader literature on sustainability reporting. This transfer was unavoidable, given the dual academic affiliation of the researcher and the centrality of Ghana as the empirical setting. Importantly, no raw or personally identifiable information was transferred; only anonymised transcripts, coded datasets, and thematic summaries were shared for purposes of analysis and interpretation. Prior to transfer, all identifying details were removed in line with the principle of data minimisation (Ganesh, et al., 2025). This ensured that the process reduced risks associated with cross-border data movement while maintaining the integrity of the research dataset.

The rationale for this transfer was directly tied to the study's objectives: situating anonymised data in the Ghanaian context was essential for validation, for comparison with existing studies, and for ensuring the findings were meaningfully interpreted within the institutional realities of SMEs in Ghana. At the same time, the transfer remained strictly limited to research purposes; anonymised datasets were not shared with external parties in Ghana, and no personal or identifiable information ever left the EEA. Thus, the transfer of data outside the EEA was both methodologically necessary and ethically defensible, while maintaining the highest possible standards of security and confidentiality (Saunders et al., 2019).

3.6.5 Post-Study Data Access and Management

After the study's completion, access to participant data will be limited to authorised personnel, as specified by Bournemouth University's data protection policy and access controls. The data will be stored on BU's repository, where it will be strictly controlled and granted to authorised individuals only, following BU's data protection policies and procedures.

3.6.6 Data Deletion/Destruction

Participant data stored on the researcher's external drive will be deleted after the successful completion of the viva exams, ensuring that participant data is not retained longer than necessary. By implementing these measures, the study ensured the confidentiality, security, and integrity of participant data, adhering to the principles of research ethics and compliance with relevant regulations.

3.7 Chapter Summary

In summary, this chapter has carefully outlined the methodological foundation of the study, guided by Saunders et al.’s research onion to ensure both coherence and systematic progression. To begin with, the adoption of an interpretivist philosophy, coupled with an inductive qualitative approach, was presented as particularly appropriate for uncovering the lived experiences of SMEs regarding sustainability reporting. Building on this foundation, an exploratory strategy was employed through semi-structured interviews, which allowed the researcher to capture rich, nuanced insights across multiple sectors. Furthermore, the mono-method qualitative design reinforced the commitment to depth and consistency, while the cross-sectional time horizon provided a timely snapshot of SME realities in Ghana, even though it acknowledged the limitation of not tracking changes over time.

Moving from design to practice, the techniques and procedures section described the systematic development of an interview guide, the purposive sampling of seven information-rich participants, and the application of thematic analysis for data interpretation. In addition, the chapter highlighted how trustworthiness was enhanced through credibility checks, triangulation, member validation, and audit trails, thereby ensuring transparency and analytical rigour. Ethical safeguards, such as informed consent, confidentiality, and anonymity, were also incorporated, not only to protect participants but also to foster openness and trust, which ultimately enriched the quality of data collected.

Taken together, these methodological choices created a robust framework that aligns tightly with the research objectives while ensuring validity and reliability. Consequently, this chapter does not stand in isolation but rather sets the stage for the next phase of the study. Building directly on these methodological foundations, Chapter Four presents the thematic findings and analysis, demonstrating how SMEs' internal capacities and external institutional pressures intersect to shape their readiness for sustainability reporting in Ghana.

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Chapter Four: Findings and Discussion

This chapter presents the findings from the thematic analysis of interviews, examining how internal and external factors shape the awareness, readiness, and preparedness of Ghanaian SMEs for sustainability reporting. Based on in-depth interviews with SME owners, managers, accountants, and representatives of regulatory and support institutions, the analysis integrates participants' narratives with contextual insights to provide a nuanced understanding of the phenomenon. The findings are structured around the study's two core objectives: first, to explore how internal factors influence SMEs' awareness and readiness, and second, to assess how external factors shape their preparedness to adopt sustainability reporting. Organised according to these research questions and supported by illustrative quotations, the findings are followed by a discussion section where they are critically interpreted in relation to existing literature and the theoretical perspectives underpinning the study.

4.2 Findings

4.2.1 Research question one: How do internal factors influence the awareness and readiness of Ghanaian SMEs to engage in sustainability reporting?

The thematic analysis, conducted using Braun and Clarke's (2006) six-phase model, highlighted that internal factors play a decisive role in shaping how Ghanaian SMEs interpret and prepare for sustainability reporting. Through a combination of deductive seed codes, derived from the conceptual framework (e.g., leadership, organisational culture, financial resources, technical capacity), and inductive openness to emergent insights, one overarching theme was developed: internal factors influencing sustainability reporting. Within this theme, four subthemes were identified, leadership commitment, organisational culture, financial capacity, and technical expertise. These subthemes do not operate in isolation but intersect in complex ways that determine whether SMEs perceive sustainability reporting as relevant, feasible, and strategically beneficial. This structuring is consistent with prior scholarship emphasising that firm-level resources and managerial orientations strongly shape the adoption of sustainability practices in resource-constrained contexts (Barney, 1991; Amoako & Asante, 2019; Jerab et al., 2023). In line with this, the findings are presented thematically, with each subtheme critically discussed alongside existing literature to demonstrate both convergence with and divergence from previous studies, thereby situating the Ghanaian SME experience within broader empirical and theoretical debates.

4.2.1.1 Leadership Commitment

The interviews revealed that leadership commitment stands as one of the most decisive internal factors shaping whether SMEs in Ghana recognise the importance of sustainability reporting and take active steps toward its adoption. In many SMEs, participants shared that decision-making authority is highly centralised, meaning the values, attitudes, and priorities of leaders directly determine whether sustainability becomes part of the organisational agenda. This centralisation of authority reinforces the finding that, in resource-constrained settings, leadership vision and managerial discretion largely define the pace and direction of sustainability adoption (Amankwah-Amoah, 2018; Ofori & Atiase, 2021). The participants explained that the centrality of leadership influences how sustainability reporting is adopted, noting that a leader's personal stance can either open the door to sustainability discussions or close it entirely, regardless of external pressures or employee interest. As participant 1 observed:

> *"If the owner does not see sustainability as important, it will never be part of the business agenda."*

Similarly, participant 2 remarked.

> *"Here, the owner's word is final. If he thinks sustainability is a waste*

of time, no one will dare bring it up again."

Beyond verbal expressions of support, participants highlighted that genuine leadership commitment is demonstrated through practical action and continuous learning. According to them, leaders who are exposed to international business norms tend to internalise sustainability as a strategic requirement rather than a moral ideal. This echoes Osei and Ofori's (2025) argument that leadership exposure to cross-cultural sustainability models enhances readiness in emerging economies. For instance, participant 3 noted:

> *"Our director once attended a trade fair in Europe. He saw how they valued green practices, and since then, we have been keeping basic records on waste and energy use."*

Conversely, the absence of leadership commitment was equally evident, particularly in SMEs where short-term survival takes precedence over long-term strategy, leading to sustainability being perceived as a "luxury" rather than a necessity (Bais & Orzes, 2024). Participant 4 captured this view:

> *"It's a fancy idea for big companies, not for us who are struggling to meet payroll."*

The ability of leaders to set the tone for sustainability adoption was also emphasised by several respondents. Participant 5 explained:

> *"A tone will have to be set at the top... Everybody will behave as such, helping the institution achieve its sustainability goals."*

This observation reinforces DiMaggio and Powell's (1983) institutional theory of normative influence, which posits that organisational behaviour is modelled after leadership expectations and legitimising norms. When leaders model sustainability commitment, employees align their attitudes and actions accordingly, fostering a culture of shared responsibility and ethical practice (Murillo & Lozano, 2006). In discussing leadership approaches conducive to sustainability, participant 3 advocated for empowerment and mentorship:

> *"If you are a leader, I advise you to go down first. Make your worker a superior. Teach them how to fish... Your role should help and support those who motivate the workers."*

Such an approach reflects the Resource-Based View (Barney, 1991), which views leadership capability as a strategic resource that enhances an organisation's adaptive capacity and long-term competitiveness.

Moreover, participants described how effective leaders balance authority with education to sustain compliance and understanding. Participant 2 provided an illustrative example:

> *"We enforce rules through financial penalties for non-compliance... but we also educate employees on why regulations matter. It's about balancing accountability with awareness."*

This dual approach underscores that leadership commitment extends beyond rule enforcement; it involves cultivating awareness and collective ownership of sustainability goals (Ofori & Atiase, 2021). However, overly centralised leadership was found to present risks, as excessive dependence on personal beliefs can hinder institutionalisation of sustainability practices. Participant 1 emphasised that:

> *"decision-making power rests almost entirely with the owner or manager, making their personal beliefs a determining factor in the adoption of new practices."*

Furthermore, insights from participant 6 highlighted the importance of informed leadership in sectors with high environmental impact:

> *"If the leaders don't understand the environmental damage, like the dyeing waste and fumes, we can't expect them to prioritise*

sustainability reporting. They have to be convinced first,"

the participant explained. This finding reinforces the view that leadership awareness functions as the first step in developing sustainability capability, especially in industries where environmental degradation is entrenched (Agyabeng-Mensah et al. 2021; Nsiah-Sarfo et al. 2023; Osei & Ofori, 2025).

Taken together, these accounts affirm that leadership commitment is not a peripheral enabler but the cornerstone of sustainability readiness among Ghanaian SMEs. Leaders who are informed, proactive, and visionary are more likely to foster cultures receptive to change, allocate resources to sustainability initiatives, and develop internal capabilities necessary for effective reporting. Conversely, when leadership remains disengaged or resistant, sustainability tends to be excluded from both strategic and operational priorities, regardless of external regulatory or market pressures (Amankwah-Amoah, 2018; Ofori & Atiase, 2021; Osei & Ofori, 2025).

4.2.1.2 Organisational Culture

Closely linked to leadership commitment is the influence of organisational culture, which emerged as another decisive internal factor shaping SMEs' awareness and readiness for sustainability reporting in Ghana. While leadership sets the direction, it is the prevailing culture—comprising shared values, norms, and everyday practices—that determines whether sustainability principles become embedded within the organisational identity or are treated as an external compliance obligation. This finding supports prior studies emphasising that culture acts as the "soft infrastructure" of sustainability implementation, influencing how firms interpret and integrate sustainability practices into their operations (Murillo & Lozano, 2006; Bello et al., 2024; Osei & Ofori, 2025).

Several participants described how a culture grounded in accountability, community responsibility, and long-term thinking can make the adoption of sustainability reporting feel natural rather than imposed. Participant 3 shared how the long-standing values within his family-owned agribusiness created an enabling environment:

> *"In our family, we have always believed in giving back to the community and taking care of the land. So, when the idea of reporting came up, people saw it as part of what we already do."*

This example illustrates how deeply ingrained traditions of stewardship and reciprocity can serve as a fertile foundation for sustainability initiatives, aligning seamlessly with existing organisational priorities (Ketprapakorn & Kantabutra, 2019; Martínez-Peláez et al., 2023). Similarly, participant 1 explained that their institution's mission inherently aligned with sustainability principles:

> *"Our vision focuses on the economic and social well-being of our members... Anything that helps their social well-being, we adapt."*

This finding echoes Osei and Ofori (2025), who observed that organisations in emerging economies often exhibit sustainability-oriented values rooted in communal welfare and relational accountability.

However, not all organisational cultures were equally receptive to sustainability principles. Participant 7, representing the Bank of Ghana Projects, offered a contrasting perspective from his interactions with SMEs across sectors:

> *"Profit today is more important than what happens tomorrow. Reporting is seen as a distraction."*

This short-term orientation, as noted by Ikpor et al. (2022), reflects a widespread cultural mindset in emerging economies where economic survival pressures override long-term environmental or social considerations. Participant 2 added that in some organisations, compliance with environmental or governance rules is perceived as an external burden rather than an internal value:

"We enforce rules through financial penalties for non-compliance... but we also educate employees on why regulations matter."

This dual approach of enforcement and education demonstrates how leaders within unsupportive cultural environments must work deliberately to build awareness and shift organisational mindsets, a finding consistent with Elvis et al. (2022), who observed that sustained cultural change is essential to embed sustainability reporting in SMEs.

Participant 6 drew attention to how industry-specific norms reinforce these cultural orientations. Speaking of the textile sector, the participant remarked:

"With my area [textiles], we are the ones who destroy the environment a lot... the fumes in the factory, the second-hand clothing, the dyeing we do, we pour it into the environment, land pollution... there's a huge problem in how to sustain these practices."

This observation aligns with Osei and Ofori (2025), who argued that sectoral practices often normalise environmentally harmful behaviour, requiring cultural transformation as a precursor to sustainability adoption. Conversely, participant 5 highlighted a more positive perspective, underscoring the importance of collective ownership:

"A tone will have to be set at the top... but the culture here means that when we take something up, everyone plays their part."

This reinforces Bello et al. (2024), who found that when organisational culture promotes shared accountability, employees are more likely to internalise sustainability values and translate them into everyday practice.

Nevertheless, even within supportive environments, cultural inertia can pose challenges. Participant 4 acknowledged this difficulty:

"We do more teamwork now... but if people are used to a certain way of doing things, it can take time for them to accept changes, even when

they're for the better."

This observation underscores that transforming organisational culture is an incremental process requiring sustained effort, as emphasised by Martínez-Peláez et al. (2023). Additionally, some participants revealed that sustainability-friendly practices already existed informally but had not yet been formalised into structured reporting systems. As participant 1 explained:

> *"We plant trees and avoid financing harmful businesses like galamsey... but it's not yet formalised into reporting."*

This finding suggests that Ghanaian SMEs may possess latent sustainability potential embedded in their cultural values and community-based practices (Elvis et al., 2022).

Taken together, these findings indicate that organisational culture functions as the invisible framework guiding how sustainability is perceived, prioritised, and practised. Cultures grounded in stewardship, long-term vision, and shared accountability provide fertile ground for integrating sustainability into daily operations and reporting systems. Conversely, cultures that prioritise short-term profit or treat sustainability as a bureaucratic imposition create significant barriers, even when leadership support or external incentives exist. Ultimately, fostering a sustainability-oriented culture within Ghanaian SMEs requires a gradual, participatory transformation, anchored in continuous communication, leadership modelling, and reinforcement of collective values that align sustainability with organisational identity (Murillo & Lozano, 2006; Osei & Ofori, 2025).

4.2.1.3 Financial Capacity

While leadership vision and organisational culture establish the strategic and attitudinal foundation for sustainability reporting in Ghana, the ability of SMEs to translate these commitments into tangible action is often constrained by financial capacity. Across multiple interviews, participants emphasised that without sufficient financial resources, both in terms of available funds and the ability to allocate them strategically, sustainability reporting remains an aspirational goal rather than an operational reality. This observation is consistent with previous studies, which highlight financial fragility as one of the most persistent barriers to sustainability implementation in SMEs (Amankwah-Amoah, 2018; Jahanshahi et al., 2020; Bais & Orzes, 2024).

For many SMEs, financial capacity is not simply about possessing surplus capital but rather about reconciling the tension between short-term operational survival and the long-term investments required for sustainability. Participant 3 offered a candid reflection on this challenge:

> *"The financing of the sustainability reporting is the challenge... You have to cough up money somewhere, budget for it. And some of the budgets you allocate to sustainability reporting, you don't get a return immediately."*

This sentiment underscores the immediate financial trade-offs SMEs face when diverting funds from income-generating activities toward non-revenue initiatives such as environmental monitoring, governance improvements, or staff training. Similarly, participant 7 articulated the pragmatic mindset driving such caution:

> *"Any businessman's policy is that wherever I put money, I should get a return... Sustainability reporting doesn't bring immediate financial benefits."*

This finding echoes Elvis et al. (2022), who observed that in resource-constrained contexts, business owners prioritise projects with rapid payback periods, often sidelining sustainability initiatives whose benefits materialise only over time.

Other participants highlighted the structural cost barriers that deter SMEs from adopting sustainability reporting practices. As participant 7 explained:

"The related cost... Each company hiring a consultant may find it difficult to pay. That would be a deterrent."

For small firms operating on narrow margins, the additional expense of engaging qualified consultants for compliance or technical support can be prohibitive (Ikpor et al., 2022; Ofori & Atiase, 2021). Participant 4 expanded on this, noting the resource-intensive nature of sustainable operations in a regulated environment:

"Testing water monthly is expensive... Waste disposal and equipment maintenance cost thousands."

Even in relatively established enterprises, such recurrent costs illustrate how sustainability reporting can compete with essential expenditures for scarce funds. The challenge is compounded when SMEs lack access to affordable financing mechanisms or internal reserves, leaving them unable to cushion the financial shocks of adopting new reporting systems (Amankwah-Amoah, 2018; Bello et al., 2024).

In addition to financial constraints, participants also underscored the parallel strain on human resources. Participant 2 illustrated how manpower shortages directly impact compliance capabilities:

"As an SME, we lack the manpower to chase renewals. Until last year, all EPA applications were manual; someone had to physically go to Accra."

This aligns with Oliver's (1997) argument that organisational compliance is shaped not only by financial resources but also by the institutional and administrative capacities available to firms. Similarly, participant 1 observed:

"The barriers will be a lack of awareness and limited resources... Lack of expertise to guide us."

Here, the interdependence between financial and technical limitations becomes evident;

insufficient funds hinder investment in training or recruitment, which in turn perpetuates knowledge gaps that stall progress toward sustainability reporting.

Indeed, financial constraints also shape broader strategic orientations within SMEs. Participant 3 captured this reality succinctly:

> *"Any businessman's policy is that wherever I put money, I should get a return... So if you are putting money somewhere and you are not getting the returns, it is very difficult to invest in."*

This statement reinforces the finding that in Ghanaian SMEs, financial decision-making is guided primarily by short-term return logic, a view consistent with prior research emphasising that survival imperatives often take precedence over strategic sustainability commitments (Bais & Orzes, 2024; Jahanshahi et al., 2020). Yet, despite these challenges, several participants demonstrated adaptive strategies for incremental progress. Participant 5 reflected this pragmatic perspective:

> *"We already disclose governance and CSR in financial reports... Now we must consolidate them into formal sustainability reporting."*

This staged approach, building upon existing disclosure mechanisms, illustrates a cost-effective pathway for SMEs to integrate sustainability gradually, consistent with Ofori and Atiase's (2021) argument that incremental adaptation is often the most viable route for smaller firms.

Overall, the findings show that financial capacity functions as both a direct and indirect determinant of sustainability reporting readiness in Ghanaian SMEs. Directly, it determines the availability of funds to invest in systems, training, and expertise; indirectly, it shapes perceptions of sustainability as either a strategic investment or an avoidable expense. As the participants' insights and the broader literature converge, financial constraints emerge as not merely a limitation of capital but as a structural reflection of Ghana's SME landscape—

marked by informality, limited credit access, and narrow profit margins. Overcoming these challenges will therefore require targeted interventions that align financial incentives with sustainability objectives, enabling SMEs to transition from viewing sustainability reporting as a cost burden to recognising it as a pathway toward competitiveness and long-term resilience (Amankwah-Amoah, 2018; Bello et al., 2024; Elvis et al., 2022)

4.2.1.4 Technical Expertise

Beyond leadership vision, organisational culture, and financial capacity, the interviews revealed that the availability of technical expertise emerged as a decisive factor determining whether SMEs can meaningfully engage in sustainability reporting in Ghana. While some enterprises demonstrated a degree of readiness through existing operational systems or sector-specific certifications, others exhibited substantial skill gaps and knowledge deficits that severely limited their capacity to initiate, implement, and maintain reporting practices (Tandason et al., 2023; Nath et al., 2023).

Across interviews, participants consistently linked the success of sustainability reporting to the presence of personnel with specialised knowledge in environmental management, data collection, and reporting standards. Participant 7 underscored this dependency, noting:

> *"What kind of training do they need to ensure personnel can sustain reporting? The quality of reporting personnel is key."*

His emphasis reflects a broader recognition that sustainability reporting is not a one-off exercise but an ongoing process that demands sustained technical competence (DiMaggio & Powell, 1983; Barney, 1991). Without such skills, reporting efforts risk becoming inconsistent, incomplete, or purely symbolic (Tandason et al., 2023).

In many SMEs, however, this expertise is either absent or concentrated in a few individuals, making the process vulnerable to staff turnover or role changes. Participant 1 described this knowledge gap candidly:

"The barriers will be lack of awareness and limited resources... Lack of expertise to guide us."

This challenge was further compounded by an absence of standardised training and reporting templates from industry associations or regulatory bodies, as Participant 1 added:

"We have not been required to report on sustainability... Our head office hasn't provided the template."

Without clear guidelines and trained personnel, SMEs often struggle to translate broad sustainability commitments into structured, verifiable reporting outputs (Ferreira et al., 2023).

For organisations operating in more technical or regulated industries, the absence of such expertise carries heightened compliance risks. Participant 4 illustrated this connection by stating:

"Our hospital management system tracks all data... We are paperless, ensuring accuracy."

While this case demonstrates how digital systems can enhance reporting accuracy, the participant further acknowledged that this capability results from deliberate investment in both technology and skilled personnel, resources that are not uniformly available to all SMEs (Nath et al., 2023).

Unregulated skill acquisition pathways exacerbate these challenges. Participant 6 lamented:

"A small-scale person starts training after one year in business... Nobody checks their expertise, safety standards, or waste disposal methods. They just pour dyes into gutters... There are no regulations."

Without formal training and certification structures, SMEs often perpetuate environmentally harmful practices, reinforcing the systemic technical deficiencies that hinder sustainable transitions (Tandason et al., 2023).

In some cases, technical expertise extended beyond environmental knowledge to include operational systems that underpin accurate data collection and monitoring. Participant 2 provided an example:

> *"We track drivers via GPS to confirm dump site visits."*

Such technological integrations demonstrate how even resource-limited SMEs can leverage innovation to enforce compliance and generate verifiable data, enhancing the credibility of sustainability reporting (Ferreira et al., 2023).

Overall, the findings confirm that technical expertise functions as a linchpin in the transition from informal sustainability practices to formalised, credible reporting frameworks. The absence of skilled personnel, structured training, and regulatory clarity significantly undermines readiness, even in organisations with strong leadership and cultural commitment (Nath et al., 2023). Conversely, where SMEs invest in capacity building, adopt enabling technologies, and embed technical competencies within operational systems, they create a foundation for sustainability reporting that is both resilient and adaptable to Ghana's evolving institutional environment (Tandason et al., 2023; Ferreira et al., 2023).

4.2.1.5 Interconnectedness of Internal Factors

The interviews revealed that leadership commitment, organisational culture, financial capacity, and technical expertise are not discrete influences but rather deeply interconnected forces shaping SMEs' awareness and readiness for sustainability reporting in Ghana. Consistent with the Resource-Based View (Barney, 1991) and Institutional Theory (DiMaggio & Powell, 1983), these internal factors operate as mutually reinforcing components that collectively determine how SMEs respond to sustainability expectations. Leadership vision, for instance, often sets the tone for resource allocation, cultural orientation, and skills development (Amankwah-Amoah, 2018; Osei & Ofori, 2025). As participant 1 explained:

"Our vision focuses on the economic and social well-being of our members... Anything that helps their social well-being, we adapt,"

illustrating how a strong leadership vision can drive both investment and cultural alignment. Similarly, research by Nath et al. (2023) supports this observation, arguing that leadership commitment is instrumental in embedding sustainability into SME operations by linking organisational mission to social and environmental performance.

Conversely, the findings also demonstrated that weak or indifferent leadership can create a ripple effect that suppresses employee engagement and undermines resource mobilisation. Participant 2 observed that:

> *"If [the owner] thinks sustainability is a waste of time, no one will dare bring it up again,"*

underscoring how excessive centralisation of authority can stall innovation and discourage sustainability dialogue. This insight reflects earlier studies by Ofori and Atiase (2021) and Bais and Orzes (2024), who found that leadership apathy in African SMEs often translates into passive compliance rather than proactive sustainability adoption.

Building on this leadership foundation, organisational culture emerged as the bridge between strategic intention and operational reality. Participant 5 noted that:

> *"A tone will have to be set at the top... Everybody will behave as such,"*

reinforcing the view that culture mediates the translation of leadership values into collective behaviour (Murillo & Lozano, 2006; Bello et al., 2024; Osei & Ofori, 2025). When leaders model sustainability-oriented behaviour, they embed shared norms of accountability and stewardship, thereby strengthening internal readiness. However, as participant 7 cautioned:

> *"Companies run away from [sustainability] issues because they are*

expensive to deal with,"

cultural inertia often persists when short-term financial imperatives overshadow long-term sustainability goals. This tension reflects Ikpor et al. (2022), who observed that SMEs operating under high market pressure frequently prioritise survival over sustainability, resulting in fragmented or symbolic reporting practices.

Financial capacity emerged as another critical enabler, shaping the extent to which leadership intentions and cultural values could be operationalised. Participant 3 stated:

> *"The financing of the sustainability reporting is the challenge... you don't get a return immediately,"*

highlighting the short-term financial trade-offs that often hinder sustainability investment. This observation echoes findings by Jahanshahi et al. (2020) and Bais and Orzes (2024), who noted that limited liquidity and lack of affordable credit significantly restrict SMEs' ability to fund sustainability initiatives in developing economies. In Ghana, where many SMEs operate on narrow margins and within informal financial systems, the tension between cost containment and sustainability investment is particularly acute (Nath et al., 2023).

Furthermore, technical expertise both depends on and reinforces the other internal factors. Participant 4 described how their organisation's operational systems strengthened their reporting accuracy:

> *"Our hospital management system tracks all data... We are paperless, ensuring accuracy."*

This example illustrates how leadership vision and financial investment can enable technological adoption that supports transparent reporting practices. Conversely, participant 6, representing the textile sector, lamented that:

> *"Nobody checks their expertise, safety standards, or waste disposal*

methods,"

revealing how weak institutional oversight and skill gaps exacerbate sustainability risks. These perspectives align with Tandason et al. (2023) and Ferreira et al. (2023), who found that technical competence acts as a critical enabler in bridging the gap between sustainability awareness and consistent reporting performance.

Taken together, these findings reinforce the conclusion that sustainability readiness in Ghanaian SMEs is not a linear outcome of isolated factors but a dynamic interplay of leadership vision, cultural alignment, financial strength, and technical capacity. Strength in one dimension amplifies the effectiveness of others, while weaknesses can create reinforcing cycles of inaction (Lozano, 2015; Fedek, 2020). For instance, effective leadership can prioritise financial investment and skill development, which in turn strengthen cultural buy-in and operational capability. Conversely, poor leadership or financial fragility can erode organisational culture and limit the acquisition of technical expertise. This integrated perspective resonates with both the Resource-Based View, emphasising internal capabilities, and Institutional Theory, highlighting external expectations that shape internal adaptation (Barney, 1991; DiMaggio & Powell, 1983). Ultimately, Ghanaian SMEs that synchronise leadership vision, cultural values, financial commitment, and technical competence are more likely to progress from sustainability awareness to credible, structured, and consistent reporting practices (Ofori & Atiase, 2021; Nath et al., 2023; Osei & Ofori, 2025).

4.2.2 What external factors influence the readiness of Ghanaian small and medium-sized enterprises (SMEs) to implement sustainability reporting?

After the thematic analysis, one main theme, which is external factors influencing sustainable reporting in Ghanaian SMEs, emerged. The theme involved six subthemes, namely, government policies and fiscal incentives, regulatory frameworks and institutional enforcement, market and stakeholder pressures, institutional support systems, and expertise and reliable reporting. The final theme under this main theme is the interconnectedness of the various external factors to influence the ways SMEs interpret sustainability reporting as either an opportunity or a burden.

4.2.2.1 Government Policies and Fiscal Incentives

The interview findings revealed that while government policies and fiscal incentives hold significant potential as catalysts for advancing sustainability reporting among SMEs in Ghana, their current formulation and implementation often fall short of providing the motivation or structural support needed for meaningful adoption. This observation is consistent with earlier research indicating that poorly aligned fiscal frameworks and fragmented regulatory approaches tend to weaken SMEs' environmental and social responsiveness (Jahanshahi et al., 2020; Ofori & Atiase, 2021; Bello et al., 2024).

Several participants underscored that effective policy interventions must combine regulatory compulsion with tangible support mechanisms. Participant 3 proposed pragmatic fiscal incentives, stating that:

> *"The government should give companies some rebate… like posting national service personnel to enterprises free of charge… or reducing corporate tax from 25% to 15%."*

This view was echoed by participant 1, who advocated that:

> *"The government should make it compulsory… Support us with training and resources."*

These perspectives demonstrate that regulation alone is insufficient; mandatory frameworks must be reinforced by education, fiscal relief, and logistical support to avoid being perceived as punitive (Nath et al., 2023; Amankwah-Amoah, 2018).

Financial strain and high compliance costs were identified as recurring barriers that disincentivise SME participation in sustainability initiatives. Participant 3 illustrated this vividly, remarking that:

> *"When you import things to Ghana, the cost of clearing them from the harbour is high… If I am to pay around some 50,000 Ghana cedis (4,750 USD), and the government says, 'Oh, now I have taken some percentage of it,' that would help."*

Similarly, participant 2 emphasised the lack of subsidies for environmental compliance, explaining that:

> *"We pay to dump at approved sites, but the government offers no subsidies."*

These statements collectively reveal that fiscal burdens, particularly in import tariffs and waste management fees, erode SMEs' financial capacity and diminish their willingness to engage in voluntary sustainability reporting (Ikpor et al., 2022; Bais & Orzes, 2024).

In addition to fiscal constraints, the perceived inefficiency and inconsistency of regulatory institutions were cited as key deterrents. Participant 3 lamented that regulatory bodies:

> *"are not encouraging… They are always thinking about how to get money for the government… If you are a new start-up, forget it. You will not get a loan,"*

while participant 7 observed that:

> *"Current regulatory bodies like the EPA are more focused on advocacy than enforcement… Companies publish financial reports without mentioning sustainability."*

These reflections align with empirical findings that weak institutional coordination, limited follow-up, and rent-seeking behaviour undermine regulatory trust and compliance (Ofori & Atiase, 2021; Tandason et al., 2023). Moreover, participant 3 criticised inequitable enforcement practices, stating that:

> *"The one funny thing in Ghana is that the one who pays tax is the one that always the tax people's eyes are on… Instead of doing that, the government should rather encourage them."*

This highlights a perception of bias that penalises compliance rather than incentivising good practice, an issue mirrored in studies of SME taxation regimes in emerging economies (Ferreira et al., 2023).

The lack of operational guidance and measurable reporting frameworks further compounds these challenges. Participant 5 remarked that:

> *"The regulator organises workshops… but we need measurable frameworks,"*

underscoring the need for practical implementation tools rather than awareness campaigns. Participant 4, from the healthcare sector, similarly reflected that:

> *"I doubt all hospitals comply… Our board's strength drives our reporting, not just policies."*

These views suggest that organisational governance mechanisms often play a more decisive role in sustaining accountability than state-level regulations when national standards remain vague or weakly enforced (Murillo & Lozano, 2006).

At the industrial policy level, participant 6 drew attention to Ghana's structural dependence on imported raw materials, linking it to fiscal and environmental vulnerabilities:

> *"Even jute yarn is imported... If we can't produce basic materials, how can we control sustainability?"*

This statement reinforces the argument that sustainable reporting readiness cannot be divorced from broader industrial and fiscal strategies that strengthen domestic production and reduce external dependency (Nath et al., 2023). In line with this, empirical studies have noted that nations relying heavily on imports often face higher operational costs that crowd out sustainability investments (Amankwah-Amoah, 2018; Ikpor et al., 2022).

Despite these challenges, participants acknowledged that certain government-led initiatives show promise. Participant 1 highlighted early institutional alignment efforts, stating that:

> *"The Bank of Ghana briefed us on sustainability… It's evolving,"*

while participant 7 called for stronger systemic reforms:

> *"Government and civil society should provide education and awareness… We need measurable parameters for sustainability."*

These reflections emphasise that regulatory frameworks are most effective when they are transparent, consistently enforced, and accompanied by continuous stakeholder engagement and capacity-building (Lozano, 2015; Fedek, 2020).

Taken together, these insights suggest that government policy remains a crucial but underutilised lever for strengthening sustainability reporting readiness among Ghanaian SMEs. Effective policy reform will require not only fiscal incentives and regulatory clarity but also the institutionalisation of measurable frameworks, consistent enforcement, and direct capacity support. Without these elements, sustainability reporting is likely to remain a rhetorical aspiration rather than a business norm (Bello et al., 2024).

4.2.2.2 Regulatory Frameworks and Institutional Enforcement

Beyond fiscal measures, the interviews revealed that the regulatory environment exerts a crucial yet inconsistently perceived influence on the adoption of sustainability reporting among Ghanaian SMEs. Participants widely agreed that while certain formal sustainability-related regulations exist, particularly in environmentally sensitive sectors, the gap between policy formulation and practical enforcement remains significant. This observation resonates with earlier studies that identified institutional fragmentation, weak enforcement capacity, and regulatory ambiguity as persistent barriers to sustainability implementation in developing economies (Ofori & Atiase, 2021; Jahanshahi et al., 2020; Madrid-Guijarro & Duréndez, 2024).

Participant 7 articulated this concern succinctly, noting that:

> *"Current regulatory bodies like the EPA are more focused on advocacy than enforcement... Companies publish financial reports without mentioning sustainability."*

This statement underscores what many described as institutional *"softness,"* where regulators emphasize awareness and advocacy but lack the authority, consistency, or resources to ensure compliance. As a result, sustainability reporting often remains voluntary, symbolic, or externally driven, rather than embedded within firms' operational routines (Lozano, 2015; Trollman & Colwill, 2021).

From another perspective, participant 2 described a more coercive regulatory experience:

> *"EPA only cares about permits. They don't educate or incentivise—just penalise."* Although she acknowledged that *"Our permits give us credibility. Competitors can't access corporate clients without them,"*

the lack of educational or capacity-building support from the Environmental Protection Agency (EPA) diminished the potential developmental impact of compliance. This dual experience, where regulation functions simultaneously as both a source of legitimacy and a burden, mirrors what Oliver (1997) and DiMaggio and Powell (1983) describe as the interplay of coercive pressures and organisational resistance under Institutional Theory.

Institutional mistrust was also evident across multiple interviews. Participant 3 lamented that:

> *"The one funny thing in Ghana is that the one who pays tax is the one*

that always the tax people's eyes are on... Instead of doing that, the government should rather encourage them."

This comment illustrates a perceived imbalance in enforcement, where compliant firms bear a disproportionate regulatory burden compared to those operating informally. Such perceptions erode trust in state institutions and weaken SMEs' willingness to engage openly with sustainability frameworks (Bais & Orzes, 2024; Ferreira et al., 2023).

Participant 4 offered a more nuanced view from the healthcare sector, observing that:

"EPA is autonomous and strict... HEFRA and Water Commission enforce compliance."

His experience highlights that regulatory effectiveness can vary across industries, depending on institutional maturity, sectoral oversight mechanisms, and the degree of coordination among agencies. This finding supports Amankwah-Amoah (2018) and Bello et al. (2024), who argue that sector-specific governance often achieves greater enforcement credibility than general environmental agencies in contexts where institutional capacity is unevenly distributed.

Overall, the interviews suggest that strengthening regulatory frameworks requires more than punitive enforcement—it demands a balance of authority and collaboration. As several participants implied, effective regulation should integrate coercive mechanisms with education, guidance, and transparent communication. This combination can enhance SMEs' trust in regulatory bodies and increase their willingness to participate in sustainability reporting voluntarily. In line with Fedek (2020), fostering institutional legitimacy through fairness, support, and consistent application of rules can transform compliance from a burdensome obligation into a pathway for competitive and reputational advantage within Ghana's SME sector.

4.2.2.3 Market and Stakeholder Pressures

The interview data revealed that market dynamics and stakeholder expectations act as powerful, albeit uneven, drivers of sustainability reporting among Ghanaian SMEs. Participants consistently emphasized that market pressure is not limited to regulatory compliance but extends to the broader reputation and legitimacy that businesses must maintain within their operating environments. This finding aligns with prior research suggesting that customer expectations, investor requirements, and inter-firm networks serve as crucial external motivators for sustainability adoption, especially where regulatory enforcement is weak (Afolabi et al., 2022; KPMG, 2020; Ribeiro et al., 2024; Williams et al., 2019).

For many participants, customer feedback functioned as an informal yet immediate accountability mechanism. Participant 3 explained that:

> *"If [customers] stop buying [due to poor product quality], you have to ask: What happened? Is it the food? Is it the [production process]?"*

This reflection illustrates how client expectations can prompt operational introspection and corrective action, reinforcing market-based discipline. Similarly, participant 1 observed that:

> *"Sustainability reporting gives you an upper hand over competitors… Attracts talented employees,"*

linking sustainability disclosure to competitive advantage and human capital attraction. These views correspond with earlier studies indicating that sustainability enhances brand equity and talent retention in SMEs that embed ethical practices into their strategic positioning (Bello et al., 2024).

Market credibility, particularly within B2B and corporate supply chains, was also identified as a decisive motivator. Participant 2 emphasized that:

> *"Our permits give us credibility. Competitors can't access corporate clients without them… Compliance opens doors,"*

while participant 5 added that:

> *"Our transparency in fees and CSR enhances reputation… Clients prefer ethical banks."*

Both statements affirm that sustainability credentials increasingly serve as prerequisites for market participation in certain industries, effectively transforming reporting from a voluntary exercise into a condition for inclusion in competitive value chains. This trend mirrors global patterns in which ESG compliance has become a determinant of procurement and investment decisions (Amankwah-Amoah, 2018; Madrid-Guijarro & Duréndez, 2024).

Financial institutions and investors were identified as another potent source of stakeholder pressure. Participant 4 explained that:

> *"Ecobank mandates ESG reporting… Equity investors prioritise sustainability compliance,"*

indicating how access to finance is being tied to demonstrable environmental and governance practices. This was echoed by participant 7, who noted that:

> *"Financial institutions would only provide credit to companies when they meet certain parameters… Green funding is becoming important."*

Together, these perspectives suggest a growing institutionalization of sustainability within financial ecosystems, where investor and lender expectations catalyze reporting readiness (Bais & Orzes, 2024; Ofori & Atiase, 2021).

Industry collaboration and peer influence further reinforce sustainability diffusion.

Participant 3 remarked that:

> *"When the government wants to bring out any policy or new laws, surely they come to us… Telecommunication companies, banks, insurance firms—they all engage with us,"*

highlighting how cross-sectoral consultation strengthens shared accountability norms. Similarly, participant 1 reflected that:

> *"The Bank of Ghana briefed us on sustainability… It's evolving,"*

indicating that professional networks and regulatory dialogues contribute to collective learning. These interactions serve as what Institutional Theory terms normative isomorphism, the diffusion of shared standards through professional and sectoral networks (DiMaggio & Powell, 1983; Rasche, 2020).

However, participants also noted that these pressures are distributed unevenly across sectors. Participant 7 observed that:

> *"Multinational companies report due to head office mandates… Their local suppliers will need to follow,"*

illustrating how international supply chains exert top-down influence on local SMEs. Conversely, participant 6 lamented that:

> *"People don't understand the harm of dye disposal… Even stakeholders [outside academia] don't care,"*

underscoring that in less regulated or export-oriented industries, sustainability concerns remain peripheral. This disparity echoes findings by Jahanshahi et al. (2020) and Trollman and Colwill (2021), who report that domestic market orientation and consumer price sensitivity often dilute sustainability pressures in developing contexts.

Finally, participants connected stakeholder influence to a wider narrative of social accountability. Participant 7 stressed that:

"The social effects are critical because you're dealing with livelihoods… Many families depend on these businesses,"

while participant 1 added that :

"We donate beds to hospitals and support education… Our governance includes community support."

These reflections align with Lozano's (2015) assertion that sustainability practices in emerging economies are frequently embedded within socio-cultural notions of reciprocity and community legitimacy. In this way, the market and stakeholder pressures described by participants extend beyond mere compliance; they form a social ecosystem where reputation, ethics, and livelihood protection converge to shape SMEs' readiness for sustainability reporting in Ghana.

4.2.2.4 Institutional Support Systems

While regulatory mandates and market pressures often generate the momentum for sustainability reporting, the findings revealed that the effectiveness of such adoption is strongly mediated by the presence and accessibility of institutional support systems. These systems, comprising professional associations, consultancy services, capacity-building programs, and sector-specific regulatory guidance, are intended to facilitate implementation. However, participants consistently reported that in the Ghanaian SME landscape, these support mechanisms remain fragmented, under-resourced, and inconsistently available. This observation aligns with earlier studies indicating that institutional voids, limited professional expertise, and weak inter-agency coordination continue to hinder sustainability advancement across emerging economies (Amankwah-Amoah, 2018; Madrid-Guijarro & Duréndez, 2024).

In the financial sector, participants highlighted the absence of operational frameworks that could translate broad policy expectations into actionable tools. Participant 1 explained that:

> *"The CUA (Credit Union Association) normally directs us on the reports to submit, but they haven't provided a template for sustainability reporting yet. If they do, we'll comply."*

Likewise, participant 5 stressed that:

> *"The Bank of Ghana's guidelines are a start, but SMEs need hand-holding. We can't just copy multinational frameworks; we need localized tools."*

These views illustrate how the lack of standardized templates and sector-appropriate reporting models prevents SMEs from institutionalizing sustainability practices, echoing findings by Ribeiro et al. (2024) and Ofori and Atiase (2021) that contextual adaptation is key to meaningful reporting.

The demand for targeted capacity-building also emerged as a recurrent theme. Participant 1 admitted:

> *"We need external expertise—someone to guide us on how to structure these reports. Right now, it's trial and error,"*

while participant 4 added that:

> *"Our regulators (HEFRA and EPA) demand reports but don't offer training. We're left to figure out metrics like carbon footprints alone."*

These accounts underscore a critical capacity gap, confirming the argument by Abdul-Basit et al. (2024) that the success of sustainability reporting depends on consistent technical training and institutional mentorship rather than on policy directives alone.

Moreover, participants criticised the dominance of punitive over enabling measures. Participant 3 argued that:

> *"The Ghana Revenue Authority punishes non-compliance but doesn't*

reward sustainability efforts. Where's the incentive?"

Similarly, participant 2 remarked that:

> *"EPA's permits are just revenue streams for them. They don't visit SMEs to advise on waste disposal best practices."*

This asymmetry reflects what Abdul-Basit et al. (2024) describe as an *"enforcement-heavy but support-light"* regulatory culture, which discourages proactive compliance and erodes trust between enterprises and regulators.

In response, several participants proposed education-driven solutions that could strengthen institutional support. Participant 3 suggested that:

> *"If the government partnered with universities to offer free sustainability courses for SMEs, adoption would skyrocket,"*

while participant 6 urged that:

> *"The National Vocational Training Institute should integrate sustainability modules."*

Such recommendations resonate with broader arguments for academia–industry collaboration as a mechanism for fostering sustainability competencies in developing economies (Bais & Orzes, 2024; Ribeiro et al., 2024).

Financing institutions and professional oversight bodies were also identified as potential enablers. Participant 7 observed that:

> *"Multilateral donors tie funding to sustainability reporting. But local banks lack the capacity to assist SMEs with this—it's a gap."*

Similarly, participant 5 called for stronger verification systems, noting that:

> *"If auditors were mandated to verify sustainability data, institutions would take it seriously. Right now, it's optional, so why invest?"*

These insights reinforce the importance of embedding sustainability assurance within financial and professional infrastructures, a notion supported by Ofori and Atiase (2021) and Madrid-Guijarro and Duréndez (2024), who stress that enforcement gains credibility only when accompanied by institutionalized monitoring mechanisms.

Participants further described how cost burdens constrain the impact of existing support systems. Participant 2 explained that:

> *"We pay dumping fees at approved sites, but the government doesn't subsidise these costs. How is that 'support'?"*

while participant 4 questioned the absence of government facilitation:

> *"For equity investors, sustainability compliance is a checkbox. But where's the government's support to help us meet these standards?"*

These reflections illustrate how financial disincentives can undermine well-intentioned policies, particularly when SMEs perceive compliance as a costly obligation rather than a developmental opportunity (Amankwah-Amoah, 2018).

Collectively, these findings underscore that Ghana's institutional support systems must evolve from broad policy rhetoric toward integrated, sector-sensitive frameworks that combine regulatory clarity, capacity-building, financial incentives, and technical guidance. When these elements are strategically aligned, sustainability reporting can transition from a burdensome compliance exercise to a value-creating process that enhances competitiveness, transparency, and stakeholder trust across the SME ecosystem (Abdul-Basit et al., 2024; Bais & Orzes, 2024).

4.2.2.5 Expertise and Reliable Reporting

According to the interview participants, a persistent barrier to SME preparedness for sustainability reporting in Ghana is the shortage of qualified expertise and dependable data-gathering systems. Participants across sectors stressed that without skilled personnel and credible reporting mechanisms, sustainability disclosures risk being incomplete, inaccurate, or misleading. This finding is consistent with earlier research showing that many SMEs in developing economies face substantial human capital and technical skill deficiencies that undermine data reliability and compliance (Amankwah-Amoah, 2018; Ribeiro et al., 2024). Participant 3 expressed concern about the prevalence of unqualified consultants, warning that:

> *"Some people are bootleggers… They can come for your money, or you can assign them to gather data, and you may think you are getting an accurate report, not knowing that some are fake."*

This perspective reflects a systemic trust deficit within Ghana's sustainability services market, where the absence of accreditation standards permits poorly qualified actors to operate unchecked, an issue similarly observed by Bais and Orzes (2024), who emphasised the risk of unreliable intermediaries in the sustainability reporting chain.

The issue of data integrity was reinforced by participant 7, who linked it to the absence of measurable parameters and standardised frameworks:

> *"We need measurable parameters for sustainability… Without them, everyone is just reporting what they want."*

Similarly, participant 5 acknowledged that while regulators occasionally organise workshops, these seldom translate into the technical capacity required for consistent, verifiable reporting:

> *"The regulator organises workshops… but we need measurable frameworks."*

These concerns echo findings from Madrid-Guijarro and Duréndez (2024) and Williams et al. (2019), who noted that without robust indicators and enforcement systems, sustainability data in SMEs tend to be self-reported and unverifiable, eroding stakeholder confidence. In this sense, technical skill deficits intersect with structural weaknesses in Ghana's institutional reporting environment, leaving SMEs without clear pathways to compliance (Ofori & Atiase, 2021).

In some cases, the gap extends beyond data literacy to strategic integration. Participant 4 explained that their hospital complies with Global Reporting Initiative (GRI) standards only because

> *"Training from regulators builds capacity."*

Without such targeted interventions, many SMEs lack the knowledge to translate sustainability principles into measurable operational indicators. Additionally, participant 1 echoed this, stating that:

> *"No template [was provided] from head office,"*

illustrating how even environmentally conscious organisations may falter in the absence of sector-specific models or reporting blueprints. This reinforces prior scholarship arguing that sustainability adoption depends not merely on awareness but on the institutionalisation of procedural tools and guidelines (Abdul-Basit et al., 2024; Ribeiro et al., 2024).

Several participants further noted that expertise gaps cascade through supply chains, amplifying the problem at multiple organisational levels. For example, participant 7 observed that while multinational companies can meet reporting obligations,

> *"Their local suppliers will need to follow,"*

yet without technical assistance, compliance remains slow and uneven. Participant 6 added that innovation opportunities are lost due to limited know-how:

> *"Students turned local plants into yarns, but without industrial support, these innovations remain small-scale… We burn resources others would use."*

These accounts align with the work of Amankwah-Amoah (2018), who argued that insufficient technical capacity prevents African firms from scaling sustainability initiatives beyond isolated pilot projects, and with Bais and Orzes (2024), who identified skill gaps as key inhibitors of innovation diffusion across SMEs.

The link between expertise and credibility also emerged as critical for market trust and institutional legitimacy. Participant 2 explained that:

> *"Our permits give us credibility… Competitors can't access corporate clients without them,"*

underscoring that sustainability credentials must be backed by verifiable processes to be meaningful. When paired with participant 3's concerns about fraudulent practices, it becomes clear that the expertise gap represents both a readiness barrier and a systemic vulnerability, one that undermines regulatory legitimacy, weakens market competitiveness, and jeopardises the credibility of Ghana's broader sustainability reporting framework. This finding supports prior conclusions by Osei and Ofori (2025) and Williams et al. (2019) that sustainable business ecosystems can only thrive where human capital development, reporting assurance, and institutional accountability advance in tandem.

4.2.2.6 Interconnectedness of External Factors

The analysis of external factors influencing SMEs' preparedness for sustainability reporting reveals a complex interplay between structural, market, and institutional dynamics. Government policies and regulatory frameworks emerge as both potential enablers and persistent bottlenecks. On one hand, they provide opportunities for compliance through targeted incentives and training; on the other, they are constrained by weak enforcement, high compliance costs, and fragmented institutional mandates (Ofori & Atiase, 2021; Madrid-Guijarro & Duréndez, 2024). These findings are consistent with prior research showing that ineffective enforcement regimes and inconsistent policy coordination often undermine sustainability adoption in developing economies (Amankwah-Amoah, 2018; Ribeiro et al., 2024). Participants frequently emphasised that while state-led sustainability initiatives exist in theory, their limited practical enforcement reduces their motivational impact on SMEs. As participant 2 explained:

> *"EPA only cares about permits. They don't educate or incentivise—just penalise."*

Similarly, participant 3 lamented that:

> *"Regulators are always thinking about how to get money for the government… instead of encouraging us."*

These comments highlight how punitive regulatory practices, when unaccompanied by supportive guidance, discourage voluntary sustainability engagement.

Market and stakeholder pressures, by contrast, emerged as more immediate and tangible motivators for sustainability adoption. Customer expectations, investor requirements, and supply-chain relationships collectively serve as external levers that encourage SMEs to formalise sustainability practices. Participant 2 described this relationship succinctly:

> *"Our permits give us credibility. Competitors can't access corporate clients without them… Compliance opens doors."*

Similarly, participant 5 noted that:

> *"Our transparency in fees and CSR enhances reputation… Clients prefer ethical banks."*

These observations align with the findings of Osei and Ofori (2025) and Bais and Orzes (2024), who argue that market legitimacy and stakeholder trust are powerful drivers of sustainability adoption, particularly in industries exposed to international standards. However, participants also acknowledged that these pressures are unevenly distributed across sectors, benefiting export-oriented firms and those linked to multinational supply chains, while leaving locally focused SMEs with limited incentive or market pressure to act (Williams et al., 2019). Participant 6, from the textile industry, captured this disparity clearly:

> *"People don't understand the harm of dye disposal… Even stakeholders [outside academia] don't care."*

This reinforces the view that in localised industries, where consumer demand and institutional scrutiny are weak, sustainability reporting remains a low priority (Abdul-Basit et al., 2024).

Equally significant is the pervasive gap in technical expertise and reliable reporting infrastructure, which further compounds the effects of weak regulation and uneven market incentives. Participants repeatedly noted that the absence of accredited professionals, standardised templates, and measurable sustainability parameters undermines both the accuracy and credibility of sustainability disclosures. Participant 7 underscored this problem by asserting that:

> *"We need measurable parameters for sustainability… Without them, everyone is just reporting what they want."*

This finding corroborates Ribeiro et al. (2024), who observed that without harmonised standards and professional oversight, reporting systems in SMEs often produce inconsistent or incomparable data. Moreover, the lack of reliable technical support systems erodes trust in both the reporting process and the institutions overseeing it (Ofori & Atiase, 2021; Amankwah-Amoah, 2018).

Cross-participant insights underscore that these external challenges are not isolated but mutually reinforcing. Weak regulatory support exacerbates capacity gaps, which in turn limit SMEs' ability to respond effectively to market and stakeholder pressures. Conversely, where external training, financial incentives, and clear compliance guidelines are present, SMEs demonstrate greater readiness and integration of sustainability principles into their operations. Participant 1 highlighted this interdependence when explaining that:

"The Bank of Ghana briefed us on sustainability… It's evolving,"

suggesting that well-coordinated institutional interventions can strengthen both understanding and engagement. Similarly, participant 3 proposed that:

> *"If the government partnered with universities to offer free sustainability courses for SMEs, adoption would skyrocket."*

pointing to education and collaboration as key enablers of progress.

Taken together, these findings highlight that improving SME preparedness for sustainability reporting in Ghana requires a coordinated, multi-level approach that strengthens policy frameworks, aligns market incentives, and builds technical capacity. As argued by Osei and Ofori (2025) and Abdul-Basit et al. (2024), sustainable transformation in emerging economies depends on the synergy between institutional effectiveness, market mechanisms, and knowledge infrastructure. Only when these external forces operate in harmony can SMEs move beyond compliance-oriented responses toward meaningful, credible, and enduring sustainability reporting practices. The summary of these findings is presented in Table 4.1. At the same time, Tables C1, C2, and C3 provide supporting analytical detail, including the coding framework for internal and external factors influencing SME readiness for sustainability reporting, representative extracts for each theme, and the mapping of themes to their corresponding theoretical constructs.

Table 4.1. *Summary of findings based on themes/subthemes*

Research Focus	Key Themes/subthemes	Influence on sustainability reporting
Internal Factors	Leadership commitment	Centralised decision-making means leaders' attitudes largely determine sustainability adoption;
	Organisational culture	Cultures valuing accountability, stewardship, and community responsibility enable natural uptake of reporting; short-term, profit-driven cultures resist it, seeing reporting
	Financial capacity	Limited resources constrain investments in reporting systems, consultancy, and compliance; SMEs prioritise survival over long-term sustainability; gradual/staged investments are seen as practical solutions.
	Technical expertise	Lack of skilled personnel, training, and templates undermines reporting; expertise enables reliable data collection and credibility; knowledge gaps perpetuate harmful
External Factors	Government policies & fiscal incentives	Current policies lack strong incentives; high compliance costs discourage SMEs; fiscal rebates, tax relief, and training could motivate reporting adoption.
	Regulatory frameworks &	Weak enforcement and punitive focus reduce SME trust; sector-specific regulators (e.g., health)
	Market & stakeholder pressures	Customer expectations, investor/financier requirements, and supply-chain conditions push SMEs to adopt reporting; stronger in export/global sectors than local-only markets.
	Institutional support systems	Lack of templates, training, and affordable consultancy services hinders adoption; an imbalance between punishment and support; partnerships with universities/vocational institutes are suggested.
	Expertise & reliable reporting	Scarcity of accredited professionals and reliable data systems undermines credibility; unqualified consultants create distrust; measurable parameters and verification systems
	Interconnectedness of internal and external Factors	Leadership vision shapes culture, resource allocation, and skills development; weaknesses in one area spill into others, while strengths amplify overall readiness. Policies, market forces, and institutional support reinforce each other; weak frameworks and expertise gaps reduce SME readiness, but incentives, training, and reliable systems enhance adoption.

Table C1. *Coding Framework for Internal and External Factors Influencing SME Readiness for Sustainability Reporting*

Main Theme	Subtheme	Code Description	Illustrative Extract (Participant Quote)	Interpretive Memo / Link to Theory
Internal Factors Influencing Readiness	Leadership Commitment	Centralised leadership determines whether sustainability becomes an agenda item; leaders' exposure shapes attitudes toward reporting.	"If the owner does not see sustainability as important, it will never be part of the business agenda." (Participant 1)	Leadership acts as a strategic resource under RBV; top management tone-setting influences employee alignment and institutional adaptation.
	Leadership as Catalyst for Change	Leadership exposure to international practices drives behavioural change and record-keeping.	"Our director attended a trade fair in Europe... Since then, we keep records on waste and energy use." (Participant 3)	Illustrates learning-based adaptation consistent with institutional theory (normative pressure).
	Organisational Culture	Shared values of accountability and stewardship influence adoption of sustainability reporting.	"A tone has to be set at the top… Everybody will behave as such." (Participant 5)	Reflects how cultural norms mediate between leadership intention and organisational practice.
	Short-Termism vs. Long-Term Orientation	Focus on survival over long-term responsibility.	"It's a fancy idea for big companies, not for us who are struggling to meet payroll." (Participant 4)	Shows cultural divergence between subsistence-based and strategy-based SMEs.
	Financial Capacity	Resource constraints inhibit investment in reporting systems, consultants, or training.	"The financing of sustainability reporting is the challenge… You don't get a return immediately." (Participant 3)	Links to RBV—financial capital as a key enabler of sustainability investment.
	Strategic Resource Allocation	Financial trade-offs shape sustainability decisions.	"We already disclose CSR in reports… Now we must consolidate into sustainability reporting." (Participant 5)	Suggests gradual adoption and staged investment model.
	Technical Expertise	Lack of technical knowledge and training hinders reporting accuracy.	"The barriers are lack of awareness and limited resources… No expertise to guide us." (Participant 1)	Illustrates how capability gaps constrain institutional compliance (Oliver, 1997).
	Systematic Data Management	Digital systems enhance reporting accuracy.	"Our hospital system tracks all data… We are paperless, ensuring accuracy." (Participant 4)	Demonstrates link between ICT adoption and reporting readiness.
	Interconnectedness of Internal Factors	Leadership, culture, finance, and expertise reinforce one another.	"Our vision focuses on members' well-being… Anything that helps, we adapt." (Participant 1)	Highlights internal synergy—readiness as an interdependent construct.
External Factors Influencing Readiness	Government Policies and Fiscal Incentives	Weak fiscal support discourages SME participation.	"The government should give rebates… or post national service personnel free of charge." (Participant 3)	Reflects coercive and normative pressures under institutional theory.
	Regulatory Frameworks and Enforcement	Weak enforcement and selective monitoring reduce compliance motivation.	"Regulations exist, but they are not enforced fairly." (Participant 5)	Demonstrates institutional voids and low coercive legitimacy.
	Market and Stakeholder Pressures	Supply-chain integration drives sustainability adoption.	"We follow sustainability because our corporate clients demand it." (Participant 7)	Mimetic pressure through market-linked legitimacy (DiMaggio & Powell, 1983).
	Institutional Support Systems	Limited access to training and professional guidance.	"Workshops happen, but there are no measurable frameworks." (Participant 5)	Reveals capacity-building gaps and fragmented support networks.
	Expertise and Reliable Reporting	Unqualified consultants compromise report quality and credibility.	"Some are bootleggers… You may think you're getting an accurate report, but it's fake." (Participant 3)	Reflects need for accreditation and trust in sustainability consultancy markets.
	Interconnectedness of External Factors	External forces interact, creating mixed incentives and constraints.	"Market demands push us, but costs and weak support hold us back." (Participant 2)	Shows the systemic interplay of coercive, normative, and mimetic pressures in the Ghanaian SME context.

Table C2. Representative Coded Extracts by Theme

Theme	Coded Extract (Verbatim)	Interpretive Summary
Leadership Commitment	"A tone will have to be set at the top… Everybody will behave as such." (Participant 5)	Demonstrates how leadership modelling shapes sustainability culture.
Organisational Culture	"If sustainability is not part of our values, it becomes a side issue." (Participant 4)	Suggests culture as a mediating layer between intention and action.
Financial Capacity	"We can't afford consultants; testing water is expensive." (Participant 2)	Financial limitations directly affect compliance capacity.
Technical Expertise	"No template was provided from head office." (Participant 1)	Indicates institutional fragmentation and lack of standardisation.
Government Policy	"We pay dumping fees, but the government doesn't subsidise them. How is that support?" (Participant 2)	Illustrates perceived disconnect between policy rhetoric and operational reality.
Market Pressure	"Our permits give us credibility… Competitors can't access clients without them." (Participant 2)	Highlights how sustainability credentials serve as a market differentiator.
Institutional Support	"Training from regulators builds capacity." (Participant 4)	Shows the positive role of institutional interventions in knowledge building.

Table C3: Mapping of Themes to Theoretical Constructs

Theme	Representative Codes	Linked Theory	Theoretical Dimension / Mechanism	Interpretive Insight
Leadership Commitment	Visionary leadership, managerial orientation, sustainability advocacy, decision-making dominance	RBV	Leadership as a strategic capability	Leadership acts as an intangible resource shaping SME readiness and mediating responses to external pressures.
Organisational Culture	Stewardship values, shared accountability, ethical norms, innovation mindset	RBV	Cultural capital and internal capability	Sustainability-oriented culture strengthens adaptability and embeds sustainable practices as part of firm identity.
Financial and Technical Capacity	Access to finance, training, skills, technology adoption	RBV / Institutional Theory	Resource capability and institutional constraint	Firms with stronger internal capacities can respond better to external sustainability demands. Limited capacity reduces responsiveness to regulatory or market pressures.
Regulatory and Policy Environment	Compliance costs, enforcement gaps, inconsistent regulation	Institutional Theory	Coercive isomorphism	Inconsistent regulatory enforcement weakens compliance motivation and discourages voluntary reporting.
Market and Stakeholder Pressures	Customer demand, supply chain requirements, investor expectations	Institutional Theory	Normative and mimetic isomorphism	Firms imitate or conform to sustainability norms when pressured by global supply chains or peer expectations.
Institutional Support Systems	Industry associations, training initiatives, information access	Institutional Theory / RBV	Support as external enabler and internal capability enhancer	External support fosters capacity development and shapes the internal readiness of SMEs to institutionalise reporting.
Integrated Readiness (Cross-cutting)	Interplay of internal & external drivers	Combined RBV–Institutional Lens	Capability–context alignment	Readiness emerges when internal resources align with institutional pressures, producing adaptive sustainability behaviour.

4.3 Conceptual Framework

The conceptual framework, depicted in *Figure 4.1*, outlines the areas of interest that shape the research context. This framework offers a visual representation of the study's key components.

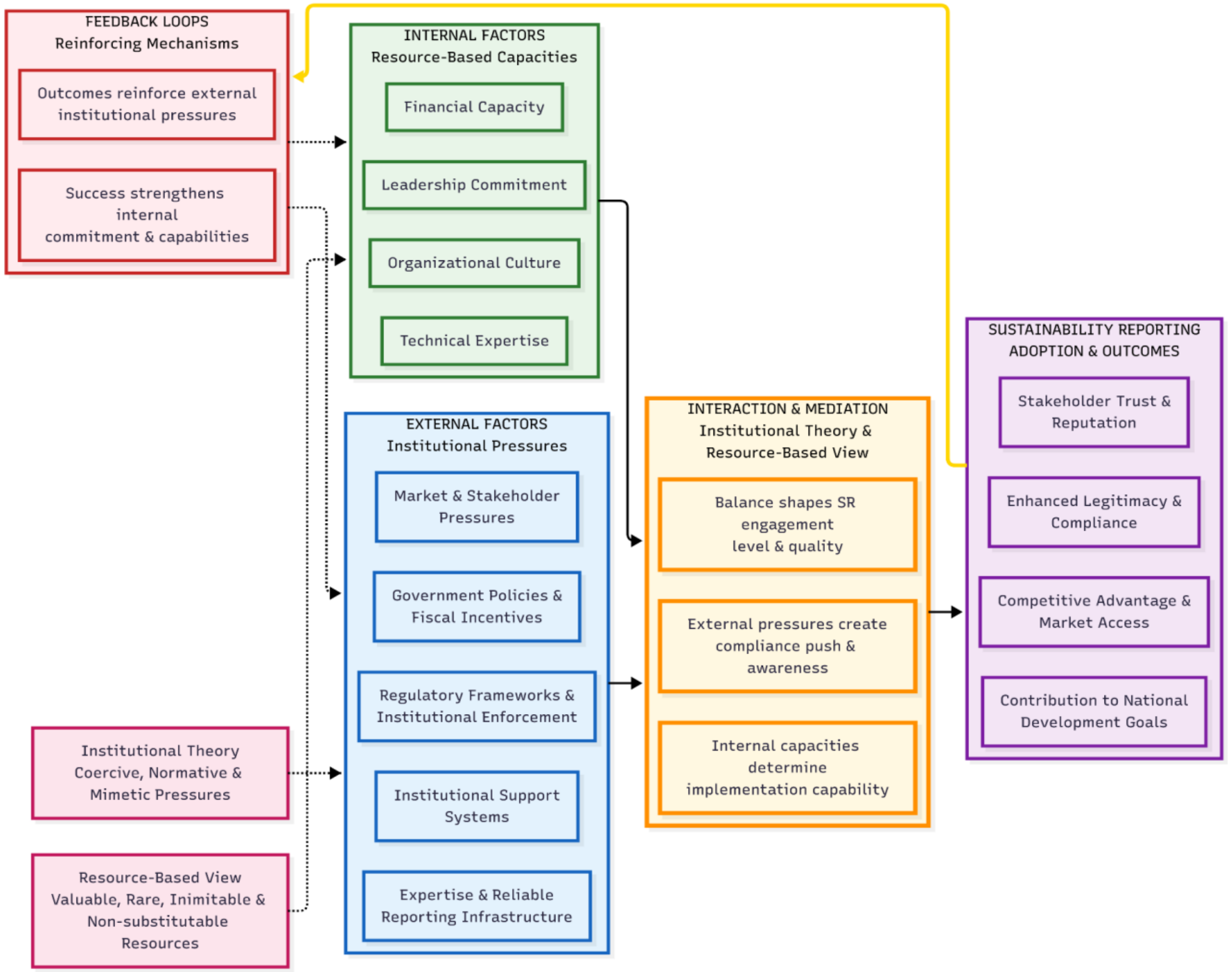

Figure 4.1: *Conceptual Framework on internal and external factors of Sustainable Reporting Practices in Ghanaian SMEs (Source: Researchers' Construct)*

4.3.1 Conceptual Framework Narration

The conceptual framework presented in *Figure 4.1* illustrates the dynamic interplay between internal and external factors that collectively influence the adoption and quality of sustainability reporting (SR) among small and medium-sized enterprises (SMEs) in Ghana. Building upon the empirical findings, the framework portrays sustainability reporting as a multidimensional and evolving process shaped by both firm-level resources and institutional environments. Rather than depicting SR as a linear sequence of compliance actions, the model situates it as a cyclical and interactive phenomenon, showing how internal capacities and external pressures converge to either promote or constrain meaningful engagement.

To begin with, the framework foregrounds internal factors anchored in the Resource-Based View (RBV). These include financial capacity, leadership commitment, organisational culture, and technical expertise, the intrinsic enablers that shape an SME's ability to respond to sustainability demands (Barney, 1991; Amankwah-Amoah, 2018). In the Ghanaian SME context, where financial and human resource limitations are common, such firm-specific assets represent a critical foundation for sustainability integration (Bais & Orzes, 2024). The findings reveal that leadership vision and organisational culture play decisive roles in establishing the tone for sustainability adoption, as leaders' attitudes and internal governance structures influence whether SR is viewed as a strategic investment or an optional burden (Ofori & Atiase, 2021; Bello et al., 2024). Thus, consistent with RBV, internal capabilities are conceptualised not merely as supportive elements but as the core infrastructure upon which effective sustainability reporting is built.

Building on this internal dimension, the framework extends outward through the lens of Institutional Theory. Here, government policies, regulatory frameworks, market and stakeholder pressures, institutional support systems, and reporting infrastructure represent the external drivers that shape SMEs' behaviour through coercive, normative, and mimetic mechanisms (DiMaggio & Powell, 1983; Ribeiro et al., 2024). These forces collectively generate the institutional legitimacy pressures that either encourage or deter SR adoption (Trollman & Colwill, 2021). However, the findings demonstrate that in Ghana, institutional environments often exhibit weak enforcement, fragmented responsibilities, and limited financial or technical incentives, which diminish the potency of external pressures (Abdul-Basit et al., 2024; Williams et al., 2019). As such, the framework recognises that external drivers, while necessary, are insufficient in isolation; they become effective only when supported by corresponding internal capacities.

The central interaction zone of the framework, referred to as the mediation space, illustrates how internal capabilities and external pressures intersect to determine the nature and depth of SR adoption. This intersection operates as the "engine" of sustainability reporting: the point at which external compliance requirements meet organisational capacity for response (Lozano, 2015). For instance, SMEs facing pressure from multinational clients to disclose ESG data may engage in superficial, symbolic reporting if leadership commitment or technical expertise is lacking. Conversely, when robust internal resources align with supportive regulatory and market conditions, firms demonstrate more credible and systematic sustainability disclosures (Ofori & Atiase, 2021; Amankwah-Amoah, 2018). The framework, therefore, clarifies that SR adoption outcomes are contingent upon the alignment, not merely the coexistence, of internal and external enablers.

Moving from mechanisms to outcomes, the framework identifies several key results of effective sustainability reporting: enhanced stakeholder trust, improved organisational legitimacy, increased market competitiveness, and contributions to broader national development goals (Ribeiro et al., 2024). These outcomes are not static endpoints but part of a feedback loop that reinforces subsequent engagement. For example, firms that report transparently often experience reputational benefits and improved access to finance, which in turn strengthen their internal financial and technical capacities. Similarly, visible reporting success tends to raise stakeholder expectations and institutional pressures, stimulating continuous improvement in sustainability performance (Williams et al., 2019; Abdul-Basit et al., 2024). The framework thus emphasises sustainability reporting as a self-reinforcing process, in which outcomes recursively shape both organisational capabilities and institutional contexts.

Taken together, the conceptual framework integrates Resource-Based and Institutional perspectives into a coherent explanatory model that captures the contextual complexity of sustainability reporting in Ghanaian SMEs. By mapping the interdependencies between firm-level resources, institutional pressures, and iterative feedback effects, it provides a holistic understanding of how SMEs evolve from awareness to structured and impactful sustainability practices. This synthesis not only aligns with broader patterns observed in emerging economies (Amankwah-Amoah, 2018; Bais & Orzes, 2024) but also foregrounds Ghana's unique structural realities, such as weak enforcement, limited institutional coordination, and pervasive resource constraints, that shape SR trajectories. Ultimately, the framework serves as both an interpretive lens and a practical guide, illustrating how SMEs can transition from fragmented sustainability efforts toward integrated reporting systems that enhance competitiveness while contributing to sustainable national development.

4.4 Discussion

Building on the thematic analysis, the findings revealed that leadership commitment emerged as the most decisive factor, shaping whether sustainability is recognised as a relevant organisational priority and subsequently integrated into business strategy. This finding aligns with earlier research by Ofori and Atiase (2021), who underscored the centrality of managerial attitudes in driving sustainability engagement in African SMEs, and with Amankwah-Amoah (2018), who demonstrated that leadership vision acts as a catalyst for aligning sustainability with organisational performance goals in resource-constrained environments. In the Ghanaian SME context, where decision-making is often concentrated in owner-managers, leadership becomes not merely an administrative role but the primary determinant of sustainability orientation. Moreover, leaders with international exposure or experience with corporate governance systems were more inclined to frame sustainability as a strategic necessity rather than a compliance burden. Consequently, leadership functions not only as a resource under the Resource-Based View (RBV) but also as a mediator that translates external institutional pressures into internal readiness, reinforcing the interconnectedness of internal and external determinants.

Building upon leadership dynamics, the findings further revealed that organisational culture plays an equally vital role in shaping sustainability readiness. A culture that values accountability, ethical behaviour, and environmental responsibility fosters a long-term orientation that supports sustainability integration (Murillo & Lozano, 2006; Bello et al., 2024; Osei & Ofori, 2025). This observation supports the argument of Ketprapakorn and Kantabutra (2019) that an organisation’s cultural orientation can be a strategic resource influencing resilience and adaptability. In this study, SMEs that embraced stewardship and stakeholder responsiveness found it easier to embed sustainability within operational processes, whereas those fixated on short-term survival deprioritised such efforts. Similarly, Elvis et al. (2022) found that cultural alignment with stewardship values enhances reporting engagement, while Ikpor et al. (2022) cautioned that economic vulnerability often narrows SME focus to profit maximisation. In Ghana, this divergence is shaped by sectoral context: for instance, finance and export-oriented SMEs, exposed to international clients, tended to adopt long-term sustainability goals influenced by normative and mimetic pressures, whereas locally oriented sectors such as textiles and retail maintained short-term survival instincts. Thus, culture should not be viewed as a static internal feature but as an evolving organisational resource shaped by institutional and market contexts, reaffirming its dual role under both RBV and Institutional Theory.

Transitioning from culture to capability, financial capacity and technical expertise were also identified as decisive internal enablers or constraints influencing sustainability readiness. Participants consistently reported that insufficient financial resources restricted their ability to invest in data management systems, hire sustainability consultants, or conduct employee training. This finding corroborates prior research showing that financial fragility remains a dominant barrier to sustainability adoption among African SMEs (Amankwah-Amoah, 2018; Bais & Orzes, 2024; Jahanshahi et al., 2020). Likewise, technical expertise was found to be limited, as few SMEs possessed personnel trained in sustainability frameworks or disclosure practices. Consequently, firms often depended on external consultants whose quality and understanding of sustainability varied widely, an observation consistent with Elvis et al. (2022), who argued that limited expertise undermines reporting credibility. From a theoretical perspective, these constraints illustrate RBV's proposition that competitive advantage stems from the effective deployment of valuable, rare, and inimitable resources (Barney, 1991). However, within Ghana's informal and resource-scarce business environment, the scarcity of such resources often hinders SMEs from institutionalising sustainability reporting practices.

Turning to external factors, the second objective of the study sought to examine how institutional forces and policy environments shape SME preparedness for sustainability reporting. The findings revealed that government policies and fiscal instruments were perceived as largely inadequate, often discouraging voluntary engagement. Participants described these policies as punitive rather than supportive, particularly citing high compliance fees and limited tangible incentives. This echoes Ofori and Atiase's (2021) conclusion that fragmented and weakly enforced policies have slowed sustainability progress in Ghana and mirrors Elvis et al. (2022), who noted that regulatory intentions frequently outpace institutional capacity. Within the Ghanaian policy context, SMEs are often treated as revenue sources instead of strategic partners in sustainability transformation—a legacy of regulatory approaches that emphasise enforcement over empowerment.

Building on this critique, the study also found that regulatory frameworks and enforcement mechanisms were inconsistently applied. Agencies such as the Environmental Protection Agency (EPA) and the Bank of Ghana exerted coercive pressures on regulated industries, yet enforcement remained uneven, leading to perceptions of unfairness and selective compliance. This inconsistency resonates with DiMaggio and Powell's (1983) argument that coercive pressures must be uniform and credible to shape organisational conformity. Similarly, Madrid-Guijarro and Duréndez (2024) explain that institutional voids, gaps in enforcement and coordination, erode trust in regulatory systems. Within Ghana's SME ecosystem, these inconsistencies fostered scepticism toward sustainability mandates, prompting many firms to adopt a superficial, "tick-box" approach to compliance rather than a transformative reporting culture.

Moving beyond regulation, market and stakeholder pressures were identified as more compelling motivators for sustainability adoption. SMEs engaged in international supply chains or partnerships with multinational corporations faced explicit contractual sustainability requirements, making reporting a necessity for market access. This supports the view of Afolabi et al. (2022) and KPMG (2020) that mimetic and normative pressures from global markets drive SMEs in developing economies toward better reporting standards. However, the findings also revealed significant sectoral disparities: SMEs serving domestic markets, particularly in retail, food production, and textiles, reported minimal customer-driven demand for sustainability reporting. This limited demand is attributed to low consumer awareness and high price sensitivity in local markets, a condition also observed by Rasche (2020) and Ribeiro et al. (2024). Hence, market pressures in Ghana operate unevenly, creating a dual environment in which export-linked SMEs face strong external incentives while domestic-oriented SMEs remain largely insulated from sustainability imperatives.

Complementing these observations, institutional support systems were found to be fragmented and unevenly distributed across sectors. While financial institutions benefited from targeted training and regulatory engagement, SMEs in traditional sectors, such as manufacturing, waste management, and textiles, lacked comparable access to knowledge-sharing and technical support mechanisms. This imbalance reinforces the argument by Amankwah-Amoah (2018) and Abdul-Basit et al. (2024) that insufficient institutional support perpetuates uneven sustainability adoption. The Ghanaian evidence also confirms earlier findings by Osei and Ofori (2025), who demonstrated that cultural and institutional drivers must be reinforced through consistent capacity-building programs. Without these, SMEs remain dependent on informal networks and unverified consultants, leading to fragmented and inconsistent reporting practices (KPMG, 2020; Williams et al., 2019).

When considered holistically, the findings demonstrate that SME readiness for sustainability reporting in Ghana is shaped by the complex interaction between internal and external dynamics rather than by either dimension alone (Lozano, 2015; Madrid-Guijarro & Duréndez, 2024). From a theoretical standpoint, the Resource-Based View (RBV) underscores the strategic importance of internal resources such as leadership, culture, and financial capacity, while Institutional Theory highlights the influence of coercive, normative, and mimetic pressures on organisational behaviour (DiMaggio & Powell, 1983). The present study bridges these perspectives by showing that internal resource capabilities enable firms to respond meaningfully to external pressures, while institutional support and regulatory clarity enhance the value of internal resources. In essence, even resource-rich SMEs may struggle to sustain reporting without enabling institutional frameworks, whereas resource-constrained SMEs can achieve compliance when driven by strong external incentives. This synergy reflects Oliver's (1997) notion of capability–context alignment, illustrating that legitimacy and sustainability in developing economies depend on the interaction between organisational capability and institutional structure.

Chapter 5: Conclusion

This study set out to critically examine the preparedness of SMEs in Ghana to adopt sustainability reporting, paying close attention to the interplay between internal and external determinants. Guided by two core objectives, first, to identify how internal factors affect Ghanaian SMEs' awareness and readiness for sustainability reporting, and second, to assess the influence of external factors on Ghanaian SMEs' preparedness, the research adopted a qualitative approach, drawing rich insights from in-depth interviews conducted across diverse sectors such as finance, healthcare, education, waste management, agricultural and manufacturing. By situating the analysis within the dual lenses of the Resource-Based View (RBV) and Institutional Theory, the study revealed how Ghanaian SMEs' internal drivers do not operate in isolation but are deeply shaped by the institutional environments in which they are embedded. Consequently, the research highlighted both the opportunities and constraints that arise when organisational resources intersect with institutional pressures in the Ghanaian SME context.

5.1 Summary of Key Findings

How do internal factors influence the awareness and readiness of Ghanaian SMEs to engage in sustainability reporting?

The study found four key determinants influencing sustainability reporting in Ghanaian SMEs. Leadership commitment emerged as particularly influential. Owners and managers who perceived sustainability reporting as strategically essential integrated it into organisational processes, enhancing stakeholder trust and long-term competitiveness. In contrast, leaders prioritising short-term survival viewed reporting as a burden, demonstrating how managerial orientation conditions readiness. Organisational culture was another critical factor. Cultures valuing accountability, transparency, and community engagement facilitated the adoption of sustainability practices, whereas survivalist cultures restricted uptake, as limited resources were directed toward immediate operational needs rather than sustainability objectives. Financial capacity had a dual effect: well-resourced SMEs could invest in training, digital systems, and data management for robust reporting, but high compliance costs and operational pressures often diverted funds away from sustainability initiatives.

Technical expertise similarly functioned as both an enabler and a constraint. Some SMEs benefited from regulator-led training and skilled personnel, supporting accurate and credible reporting. Others faced deficits in expertise and relied on unqualified consultants, resulting in poor-quality data and reduced stakeholder confidence. The findings highlight that SMEs' sustainability reporting readiness is not a simple function of resources or external mandates; it is dynamically produced through leadership vision, supportive organisational culture, financial means, and technical competence, each interacting with the pressures and demands of the broader business environment.

What external factors influence the readiness of Ghanaian small and medium-sized enterprises (SMEs) to implement sustainability reporting?

The study found that government policies, regulatory frameworks, market pressures, and institutional support systems influence sustainability reporting in Ghanaian SMEs. Coercive pressures from state agencies such as the Bank of Ghana, HEFRA, and the EPA created formal reporting obligations. However, enforcement often lacked consistency and was frequently perceived as punitive rather than supportive, thereby weakening its intended effect. Market pressures, particularly those emanating from multinational corporations and global value chains, compelled some Ghanaian SMEs to align with sustainability standards in order to remain competitive. Yet, local consumer demand for sustainability reporting remained relatively weak, limiting its broader diffusion. Institutional support systems, including professional associations, universities, and industry networks, also varied in effectiveness. Financial institutions, for instance, benefitted from regulator-led workshops, while sectors such as textiles and waste management reported a notable absence of sector-specific guidance, leaving many Ghanaian SMEs to navigate sustainability requirements with little support.

Taken together, these findings affirm that SMEs' preparedness for sustainability reporting in Ghana is best understood as a process of alignment, where internal resources must converge with external institutional frameworks to produce meaningful readiness.

5.2 Research Contributions

This study makes significant theoretical, empirical, and practical contributions to the discourse on sustainability reporting (SR), particularly within the context of small and medium-sized enterprises (SMEs) in emerging economies such as Ghana. By systematically examining how institutional and resource-based factors interact to shape SMEs' preparedness for SR, the research bridges a critical gap in existing literature where dominant models and frameworks have been largely developed from the perspective of large corporations in advanced economies (KPMG, 2023; OECD, 2024; GRI, 2023). Consequently, this study contributes new insights into how sustainability reporting can be effectively understood, contextualised, and implemented within resource-constrained environments (Acheampong, Owusu, & Karikari, 2024).

Theoretically, this study advances existing scholarship by integrating Institutional Theory and the Resource-Based View (RBV) into a coherent analytical framework that explains the dual influence of external institutional pressures and internal organisational capabilities on SR adoption. Whereas previous studies have typically examined these frameworks in isolation, this research demonstrates that they are inherently complementary (Dissanayake, Tilt, & Xydias-Lobo, 2016; Ackers & Eccles, 2015). Specifically, Institutional Theory illuminates how coercive, normative, and mimetic forces emanating from governments, professional bodies, and global value chains shape SME behaviour toward sustainability reporting (DiMaggio & Powell, 1983; OECD, 2023). At the same time, the RBV provides a lens for understanding how firm-specific assets, such as managerial competence, financial resources, and technological capabilities, mediate the extent and quality of SR practices (Barney, 1991; Hart, 1995; Peteraf, 1993). In this regard, the integrated framework developed in this study offers a more contextually grounded theoretical model that extends the applicability of both theories to SMEs operating in institutionally weak and resource-limited environments (Kolk, 2016; Amaeshi et al., 2016). Thus, it provides a more holistic understanding of how organisational readiness for sustainability reporting evolves in emerging economies.

Empirically, the study contributes original, context-based evidence derived from qualitative data collected across multiple SME sectors, including finance, healthcare, textiles, waste management, and agriculture. By situating the empirical findings within Ghana's unique socio-economic and regulatory environment, the study enriches understanding of the nuanced interplay between institutional structures, firm-level resources, and stakeholder expectations (Acheampong et al., 2024; OECD, 2025). Furthermore, the resulting framework (Figure 4.1) maps these relationships and identifies specific pathways through which SMEs can transition from informal sustainability engagement to structured reporting systems. Through this empirical contribution, the research not only captures the lived realities of Ghanaian SMEs but also advances the broader conversation on how sustainability principles can be operationalised in similar emerging-market contexts (G20/OECD, 2024; UNCTAD, 2024).

Practically, the study offers actionable insights with direct implications for policymakers, SME owners, and regulatory bodies. For policymakers, the findings highlight the urgent need to strengthen institutional support through capacity-building programmes, simplified reporting templates, and the establishment of graduated reporting standards that account for SMEs' diverse resource capacities (European Commission, 2023; GRI, 2021). For SME practitioners, the research underscores the strategic value of embedding sustainability principles into core business operations, thereby enhancing competitiveness, reputation, and access to sustainability-linked financing (IFAC, 2025; KPMG, 2023). Additionally, the conceptual framework provides a diagnostic tool that stakeholders can use to identify and address the specific institutional barriers and resource gaps impeding SR adoption (OECD, 2024). Therefore, this study does not merely describe existing challenges but also provides a pathway toward practical solutions tailored to the Ghanaian SME ecosystem.

In essence, the contributions of this study lie in its ability to bridge the theoretical, empirical, and practical divides that have long characterised the sustainability reporting discourse. The conceptual framework developed, anchored in Institutional Theory and the RBV, offers an original and contextually adaptable model that captures the dynamic relationship between external institutional forces and internal resource capacities (Dissanayake et al., 2016; Ackers & Eccles, 2015; Barney, 1991). In conclusion, this framework provides a valuable platform for future research to build upon, whether through quantitative testing, cross-country comparative analysis, or sector-specific validation (KPMG, 2023; OECD, 2025). By doing so, it positions the current study as a foundational contribution to the growing body of knowledge on sustainability reporting among SMEs in emerging economies such as Ghana, thereby reinforcing the relevance of context-sensitive approaches to advancing sustainable business practices globally (Acheampong et al., 2024; Amaeshi et al., 2016).

5.3 Implications for policy and practice within Ghanaian SMEs

The implications of these findings are both practical and theoretical. Practically, the findings have important implications for both policy and practice in Ghanaian SMEs' sustainability reporting. Policymakers should move beyond punitive compliance models and implement incentive-based measures that reduce cost barriers and encourage adoption. Examples include fiscal incentives such as tax rebates, subsidised training programs, and the development of standardised, SME-friendly reporting templates that simplify compliance. Regulatory agencies should complement enforcement with capacity-building initiatives, offering workshops and guidance on sector-specific sustainability requirements to reduce knowledge gaps and improve SME trust in regulations.

For SME leaders, cultivating a culture of accountability, transparency, and community responsibility is critical. Leadership should embed sustainability within strategic priorities rather than treating it as a peripheral task. This can be achieved by integrating sustainability targets into performance metrics, investing in digital reporting tools, and developing in-house technical expertise through training or partnerships with accredited consultants. SMEs can also leverage external pressures positively by aligning reporting practices with customer, investor, and supply-chain expectations, particularly in sectors with global reach.

Intermediary institutions such as universities, vocational institutes, and industry associations play a vital role in bridging internal and external factors. They can act as knowledge brokers by providing accredited training, standardised reporting templates, and verification systems to ensure reliable data. Collaborative partnerships between SMEs, regulators, and educational institutions can further enhance technical skills and facilitate adoption, ensuring sustainability reporting becomes a practical and credible tool for competitiveness and stakeholder trust in Ghanaian SMEs.

From a theoretical standpoint, the study extends the application of RBV and Institutional Theory by demonstrating that neither framework alone adequately explains SME readiness. Instead, the integration of the two reveals a more nuanced picture: readiness is shaped through a capability–context relationship in which organisational resources are mobilised in response to institutional demands. This insight challenges linear interpretations of RBV or Institutional Theory, suggesting instead a hybrid explanatory model where both internal resource mobilisation and external institutional pressures mutually reinforce or undermine sustainability adoption.

5.4 Recommendations for Strengthening Sustainability Reporting among Ghanaian SMEs

Drawing on the findings presented in Chapter Four, this section provides a set of empirically grounded and theoretically informed recommendations aimed at strengthening the awareness, readiness, and adoption of sustainability reporting (SR) among Ghanaian small and medium-sized enterprises (SMEs). The recommendations are structured to address both the internal and external factors that emerged from the study, ensuring that the proposed interventions correspond directly to the realities captured through the thematic analysis. By linking these findings to existing scholarship, this section reinforces the practical implications of the study while contributing to ongoing academic debates on embedding sustainability reporting practices in emerging economies.

A critical starting point lies in the recognition that leadership commitment is the cornerstone of sustainability readiness. The study revealed that an SME's engagement with sustainability reporting depends largely on the personal vision and moral orientation of its leaders. This observation aligns with the findings of Arya et al. (2023) and Cahyadi et al., (2024), who highlight that in emerging economies, leadership values and ethical orientation often determine whether sustainability becomes an organisational priority. To foster such commitment, targeted executive training and awareness programs should be designed for SME owners and managers, focusing on the strategic benefits of sustainability reporting, including improved competitiveness, access to green financing, and enhanced stakeholder trust (Moneva & Hernández-Pajares, 2018). This can be achieved through collaborative initiatives among government agencies such as the Environmental Protection Agency (EPA), the Ghana Investment Promotion Centre (GIPC), business associations, and higher education institutions with expertise in sustainability education.

Building on the need for leadership engagement, it is equally essential to embed sustainability values into organisational culture. The analysis demonstrated that SMEs guided primarily by short-term profit motives often neglect sustainability concerns, while those with a long-term orientation are more proactive in adopting sustainability practices. This finding supports the argument of Islam and Deegan (2020), who assert that a firm's cultural legitimacy underpins its environmental and social accountability (Deegan, 2014). To nurture such a culture, SMEs should institutionalise sustainability through internal communication, employee recognition schemes, and the integration of environmental and social responsibility into mission statements and performance appraisals (Sanusi & Johl, 2022). Furthermore, informal sustainability practices already evident among Ghanaian SMEs, such as community support initiatives, recycling efforts, and energy conservation, should be systematically documented and formalised as part of sustainability reports. Doing so would help transform everyday practices into measurable, reportable outcomes that contribute to both business legitimacy and community development.

In addition to cultural transformation, financial constraints emerged as one of the most significant barriers to effective sustainability reporting. The findings indicate that the high costs associated with consultancy services, data management systems, and compliance audits discourage many SMEs from engaging in formal reporting processes. This corroborates observations by Luthra et al. (2015) and Shen & Xin (2025), who argue that resource scarcity is a recurring impediment to sustainability adoption in developing economies. To mitigate these challenges, financial institutions, in collaboration with the Ministry of Trade and Industry (MoTI), should design sustainability-linked financing instruments such as concessional loans, tax incentives, and grants targeted at SMEs pursuing sustainability goals. Furthermore, the Bank of Ghana could incorporate environmental, social, and governance (ESG) disclosure criteria into SME lending policies, rewarding transparent firms with preferential financing terms. The adoption of a phased implementation model, allowing firms to begin with qualitative disclosures before progressing toward quantitative reporting, would also reduce perceived financial burdens and promote inclusivity (Shen & Xin, 2025).

Closely linked to financial capacity is the issue of technical expertise, which the study found to be a determining factor in the quality and credibility of sustainability disclosures. This finding aligns with Manetti & Toccafondi (2012) and Troshani & Rowbottom (2024), who emphasise that skilled personnel and knowledge infrastructure are prerequisites for reliable sustainability reporting. In Ghana, limited technical expertise was found to constrain SMEs' ability to collect, analyse, and communicate sustainability data effectively. To address this gap, professional bodies such as the Institute of Chartered Accountants Ghana (ICAG) and academic institutions should introduce specialised training modules in sustainability accounting and reporting. These efforts could be complemented by the development of sector-specific reporting guidelines by the EPA and Ghana Standards Authority to ensure clarity, consistency, and comparability in reporting practices. Additionally, as supported by Rahma & Hossain (2024) and Febriana et al. (2025), promoting affordable digital tools, such as cloud-based data management systems, would enhance SMEs' capacity to monitor and communicate their environmental and social performance efficiently.

Beyond internal organisational barriers, the study underscored the importance of the regulatory and institutional environment in shaping SMEs' sustainability behaviour. Weak enforcement, fragmented policies, and limited coordination among regulatory bodies were found to discourage compliance and undermine trust in the system. These findings are consistent with Thakkar (2025), who observed that fragmented regulatory frameworks often weaken sustainability accountability in developing economies. To strengthen this area, Ghana's EPA, Registrar-General's Department, and Ghana Standards Authority should collaborate to develop a harmonised national sustainability reporting framework aligned with global standards such as the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB). However, such frameworks must be accompanied by supportive enforcement mechanisms, including awareness campaigns, training workshops, and recognition programs that encourage voluntary compliance rather than relying solely on punitive measures.

Furthermore, institutional support systems should be expanded to bridge the gap between policy intentions and SME capabilities. The study revealed that existing support structures in Ghana are often fragmented and under-resourced, providing limited guidance for SMEs. This aligns with the argument by Gungor (2019), who advocates for collaborative knowledge-sharing networks to facilitate sustainability learning. It is therefore recommended that a National

Sustainability Support Centre be established as a collaborative hub involving government agencies, academic institutions, and industry associations. Such a centre would provide SMEs with continuous training, reporting templates, and mentorship opportunities while promoting peer learning and innovation. This partnership model would not only strengthen SMEs' operational capacities but also foster a more coordinated national sustainability ecosystem.

In addition to regulatory and institutional reforms, stakeholder and market pressures can be leveraged as indirect drivers of sustainability adoption. The study found that SMEs operating in export-oriented sectors or supply chains serving multinational corporations were more likely to engage in sustainability reporting due to the ESG compliance requirements of their partners. This observation is reinforced by Schniederjansm & Khalajhedayati (2021) and Herremans et al. (2016), who note that stakeholder and market expectations are powerful motivators for sustainability engagement. Large corporations and public procurement entities in Ghana should therefore integrate sustainability disclosure as a prerequisite for SME suppliers, encouraging adoption through contractual incentives and certification systems. Simultaneously, public education campaigns that highlight the benefits of purchasing from environmentally and socially responsible firms can stimulate consumer-driven demand, creating bottom-up market incentives that reward transparency and ethical conduct.

Another critical recommendation concerns capacity-building and knowledge transfer. The absence of continuous professional development opportunities was identified as a major challenge for SMEs attempting to implement sustainability practices. Therefore, professional associations such as the Ghana National Chamber of Commerce and Industry (GNCCI), the Association of Ghana Industries (AGI), and the Institute of Chartered Accountants Ghana (ICAG) should develop structured capacity-building programs that focus on practical reporting skills. These programs should be decentralised through regional training hubs to ensure equitable access across Ghana's diverse SME landscape. Peer-learning platforms, sustainability fairs, and online repositories of best practices could further enhance knowledge exchange and foster innovation within the SME community (Wendo et al., 2025).

Finally, these recommendations must be integrated within a coherent policy framework that aligns sustainability reporting with Ghana's broader national development objectives. Sustainability reporting should not be viewed as an isolated corporate compliance exercise but as a strategic instrument for national transformation (Aureli et al., 2020). The Ministry of Finance and the National Development Planning Commission (NDPC) should embed SME sustainability reporting within Ghana's Medium-Term National Development Policy Framework and link it to measurable Sustainable Development Goals (SDG) indicators. This integration would ensure that data generated through SME sustainability reports inform policy evaluation and development planning, creating a feedback loop between enterprise-level practice and national sustainability performance.

Taken together, these recommendations underscore the need for a multidimensional and collaborative approach that addresses both organisational and institutional barriers to sustainability reporting. By strengthening leadership vision, embedding sustainability within organisational culture, improving financial and technical capacity, harmonising regulatory frameworks, and enhancing institutional support systems, Ghana can cultivate an enabling environment in which sustainability reporting becomes an embedded business norm rather than a compliance burden. Ultimately, implementing these recommendations would not only enhance the competitiveness and credibility of Ghanaian SMEs but also advance the country's long-term pursuit of inclusive and sustainable economic development.

5.5 Study Limitations and Future Directions

Although this study provides valuable insights into how Ghanaian SMEs understand and engage with sustainability reporting, several limitations must be acknowledged to contextualize the findings.

First, the study employed a small purposive sample of seven (7) SMEs, which, while appropriate for an interpretivist qualitative design, restricts the breadth of perspectives captured. Purposive sampling is widely used in qualitative research to obtain information-rich cases, but it inherently introduces selection bias because participants are chosen based on relevance rather than representativeness (Palinkas et al., 2015; Stratton, 2024). This may have favoured SMEs that are comparatively more aware of, or engaged with, sustainability issues, thereby shaping the nature of the insights generated.

Second, the study was conducted in only two regions of Ghana, Greater Accra and the Central Region. Although these regions are economically significant, they do not fully reflect the institutional, infrastructural, and market variations across Ghana. Regional differences in regulatory enforcement, institutional support, and market exposure may influence SMEs' sustainability reporting readiness in ways not captured by this study. As such, the finding should not be generalised to all Ghanaian SMEs or to other emerging economies with different institutional contexts.

Third, the study relied on self-reported data from semi-structured interviews, which are susceptible to social desirability bias, selective recall, and participants' inclinations to present their organisations favourably. While confidentiality measures were implemented to encourage openness, the possibility of response bias cannot be entirely eliminated, an inherent challenge in qualitative interview-based research (Azevedo et al., 2017).

Finally, the study focused on internal organisational factors and external institutional pressures but did not undertake industry-level comparative analysis. The cross-sectoral composition of the small sample limited the feasibility of drawing sector-specific conclusions. Industry-level dynamics, such as regulatory exposure, market competition, or sector-specific sustainability norms, may influence reporting practices in ways not captured here. Future research using larger, industry-specific samples or a mixed-method design could provide deeper comparative insights and enhance generalisability.

Despite these contextual boundaries, the study provides an original and empirically grounded contribution to the understanding of sustainability reporting in Ghanaian SMEs. It advances existing scholarship by revealing how internal capacities, such as leadership commitment, organisational culture, and financial capability, interact with external pressures, including regulatory mandates, institutional support, and market expectations. This integrative perspective highlights that readiness for sustainability reporting is not shaped by isolated drivers but through the intersection of internal and external forces that co-evolve within Ghana’s emerging institutional context. The findings therefore extend theoretical applications of the Resource-Based View (RBV) and Institutional Theory, positioning them within the nuanced realities of SMEs operating under resource and policy constraints in developing economies.

In light of these findings and contextual reflections, several directions for future research and practice emerge. First, subsequent studies should employ mixed-method or longitudinal designs that combine interviews with larger-scale surveys or observations to capture both depth and breadth in analysing SMEs’ sustainability practices. Such methodological triangulation would enhance validity and support cautious generalisation across sectors and regions. Second, comparative studies involving other African or emerging economies could offer valuable cross-contextual insights into how variations in institutional maturity, market structures, or policy enforcement affect sustainability reporting behaviour. Third, the exploration of digital transformation and technological enablement, including the use of artificial intelligence, blockchain, and cloud-based reporting tools, represents a promising frontier for addressing the persistent barriers of cost, expertise, and data management faced by Ghanaian SMEs.

Finally, the limitations identified here also provide direct guidance for policymakers and development partners. Recognising that SMEs’ capacity for sustainability reporting is shaped by both internal and external dynamics, interventions must aim to synchronise enterprise capabilities with institutional frameworks. Policies that provide targeted incentives, such as tax reliefs, subsidised training, or digital reporting grants, would significantly lower barriers to compliance. Likewise, creating collaborative platforms among government agencies, academia, and professional associations could foster knowledge exchange and harmonise sustainability standards across industries. In this sense, the limitations of the current study, its narrow scope and time horizon, open meaningful pathways for further inquiry and policy reform, underscoring that sustainability reporting in Ghanaian SMEs remains an evolving field ripe for continued academic and institutional engagement.

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Appendix A

Research Interview Guide (Questions)

Section 1: General background

1. Can you briefly introduce yourself and describe your role in this SME?

Probe:

How long have you been in this role?

What are your main responsibilities?

2. Could you provide an overview of your SME, including its size, industry, and key operations?

Probe:

How does your business engage with stakeholders (e.g., suppliers, customers, regulators)?

Section 2: Awareness and understanding of sustainability reporting

3. What does sustainability reporting mean to you and your business?

Probe:

How familiar are you with sustainability reporting frameworks? Can you describe two of them?

4. Is sustainability reporting currently practiced in your SME? Why or why not?

Probe:

Do you share any information on sustainability reporting practices with stakeholders, and if so, in what form? (Customers, suppliers, regulators, investors)

Section 3: Drivers of Sustainability Reporting

5. What motivates SMEs like yours to adopt sustainability reporting?

Probe:

Are there pressures from customers, Staff, management, investors, or regulatory bodies?

6. How do you perceive the strategic benefits of sustainability reporting for SMEs?

Probe:

Can you provide examples of any competitive advantages, cost savings, or reputation benefits that result from engaging in sustainability practices?

Section 4: Barriers to sustainability reporting

7. What challenges do SMEs in Ghana face when trying to adopt sustainability reporting?

Probe:

Can you describe how these challenges impact your firm?

Section 5: Role of government policies and institutional support

8. What role do you think government policies play in influencing sustainability reporting?

Probe:

Can you share with me any existing policies or incentives that have helped influence sustainable reporting?

9. How effective do you think regulatory bodies are in encouraging sustainability reporting among SMEs?

Probe:

What changes or improvements would you recommend?

10. Are there any institutional supports (e.g., government policies, training programs) for SMEs to implement sustainability reporting?

Probe:

What forms of support would make adoption easier for your business?

Section 6: Leadership and decision-making in sustainability reporting

11. How do leadership and internal organizational values influence sustainability reporting in your SME?

Probe:

12. Can you give examples of leadership practices that support or hinder sustainability initiatives?

13. Can you share with me your firm's mission, vision, and value statements?

14. What leadership approaches or strategies have worked best in encouraging sustainability practices in your SME?

Probe:

Can you share any examples where leadership played a crucial role?

Section 7: Prospects and Recommendations

15. What processes does your organization have in place to ensure the accuracy, completeness, and reliability of its sustainability data?

16. What advice would you give to other SME owners/managers considering sustainability reporting?

Probe:

What key lessons have you learned from your experience?

Preferred Method for Receiving Study Results

Would you prefer to receive the study results via?

1. Email: A summary of the findings sent directly to your email?

2. Summary report: A concise report outlining the key results and implications.

3. Other: Please specify any other method you would prefer to receive the study results.

Appendix B

Participant Agreement Form

Full title of project: Exploring the drivers and barriers of Sustainability Reporting in Ghanaian Small and Medium-size Enterprises.

Name, position, and contact details of researcher:

Prince Kwabena Kwansah Aidoo, Student Researcher,
Email: s5721269@bournemouth.ac.uk/pkkay8@gmail.com

Name, position, and contact details of supervisors:

1. Phyllis Alexander, PhD, CPA, FCMI, SFHEA, Associate Professor in Accounting and Tax
   Tel: +44 (0)1202 968704, Email: palexander@bournemouth.ac.uk
1. Dr Martin B. Osei, FHEA PgCert, Lecturer in Business and Management, Department of People & Organisations. Email: mosei@bournemouth.ac.uk

To be completed prior to data collection activity

Section A: Agreement to participate in the study

You should only agree to participate in the study if you agree with all of the statements in this table and accept that participating will involve the listed activities.

I have read and understood the Participant Information Sheet (v2) and have been given access to the BU Research Participant Privacy Notice, which sets out how we collect and use personal information (https://www1.bournemouth.ac.uk/about/governance/access-information/data-protection-privacy).
I have had an opportunity to ask questions.
I understand that my participation is voluntary. I can stop participating in research activities at any time without giving a reason, and I am free to decline to answer any particular question(s).
I understand that taking part in the research will include the following activities as part of the research: • taking part in an interview • being audio recorded during the project
I understand that if I withdraw from the study, I will also be able to withdraw my data from further use in the study **except** where my data has been anonymised (as I cannot be identified) or it will be harmful to the project to have my data removed.

I understand that my data may be included in an anonymised form within a dataset to be archived at an appropriate research data repository such as BORDaR (BU's Data Repository).
I understand that my data may be transferred internationally from the UK to Ghana but my data will be anonymised and I will not be identifiable.
I understand that my data may be used in an anonymised form by the research team to support other ethically approved research projects in the future, including future publications, reports or presentations.

	Initial box to agree
I consent to take part in the project on the basis set out above (Section A)	

Section B: The following parts of the study are optional

You can decide about each of these activities separately. Even if you do not agree to any of these activities you can still take part in the study. If you do not wish to give permission for an activity, do not initial the box next to it.

	Initial boxes to agree
I understand that my words may be quoted in publications, reports, web pages, and other research outputs. Please choose one of the following two options:	
I agree that my real name can be used in the above.	
I do **not** agree that my real name can be used in the above.	

I confirm my agreement to take part in the project on the basis set out above.

Name of participant (BLOCK CAPITALS)	Date (dd/mm/yyyy)	Signature
Name of researcher (BLOCK CAPITALS)	Date (dd/mm/yyyy)	Signature

Once a Participant has signed, **please sign 1 copy** and take 2 photocopies:

- Original kept in the local investigator's file
- 1 copy to be kept by the participant (including a copy of PI Sheet)

Appendix C

Participant Information Sheet

The title of the research project

Exploring the drivers and barriers of Sustainability Reporting in Ghanaian Small and Medium-sized Enterprises.

Invitation to take part

You are being invited to take part in a research project. Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask us if there is anything that is not clear or if you would like more information. Take time to decide whether you wish to take part.

What is the purpose of the project?

Research Purpose:

This study investigates the adoption of sustainability reporting practices among Small and Medium-sized Enterprises (SMEs) in Ghana, focusing on:

1. Drivers: What motivates SMEs to adopt sustainability reporting?

2. Barriers: What challenges do SMEs face in adopting sustainability reporting?

3. Influences: How do leadership and government policies impact sustainability reporting practices?

The study's goal is to provide actionable insights for policymakers and SME leaders, promoting sustainability practices and contributing to Ghana's sustainable development goals.

Why have I been invited?

You have been invited to participate in our research study, specifically designed for small and medium-sized enterprises (SMEs) in Ghana. As a manager/owner of an institution that falls under this category, your insights and experiences will be invaluable to our study.

We are excited to have you join our study, which will feature a diverse group of 8 participants. Your contribution will help us better understand the challenges and opportunities faced by SMEs in Ghana and inform strategies for growth and development.

What would taking part involve?

We would like to invite you to participate in an online interview. During this interview, we will be gathering data on sustainability reporting practices within Small and Medium-sized

Enterprises (SMEs) in Ghana, and we believe your insights and experiences will be highly valuable to our study. Interview Details:

The interview is anticipated to last approximately 30 to 60 minutes, allowing us to have a thorough discussion about your experiences and perspectives on sustainability reporting practices in your organization.

Do I have to take part?

It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a participant agreement form. We want you to understand what participation involves before you make a decision on whether to participate.

If you or any family members have an ongoing relationship with BU or the research team, e.g., as a member of staff, as a student, or other service user, your decision on whether to take part (or continue to take part) will not affect this relationship in any way.

Can I change my mind about taking part?

Yes, you can stop participating in study activities at any time and without giving a reason.

If I change my mind, what happens to my information?

After you decide to withdraw from the study, we will not collect any further information from or about you.

As regards to the information we have already collected before this point, your rights to access, change or move that information are limited. This is because we need to manage your information in specific ways in order for the research to be reliable and accurate. Further explanation about this is in the Personal Information section below.

Will I be reimbursed for taking part?

Please note that participation in this research study is voluntary, and you will not receive any reimbursement or compensation for your time or involvement.

What are the advantages and possible disadvantages or risks of taking part?

Whilst there are no immediate benefits to you participating in the project, it is hoped that this work will contribute to the Sustainable Development Goals in Ghana.

Whilst we do not anticipate any risks to you in taking part in this study, you may experience minor discomfort or inconvenience due to the time required to participate in the online interview. However, please be assured that all efforts will be made to ensure your comfort and confidentiality throughout the process.

What type of information will be sought from me and why is the collection of this information relevant for achieving the research project's objectives?

The information sought from you will relate to your experiences, perceptions, and practices regarding sustainability reporting within your Small and Medium-sized Enterprise (SME) in Ghana. Specifically, we will be asking questions about:

- Your company's current sustainability reporting practices and policies

- The drivers and barriers to sustainability reporting in your organization

- Your perceptions of the benefits and challenges of sustainability reporting for SMEs in Ghana.

The collection of this information is relevant for achieving the research project's objectives, which are to:

- Investigate the current state of sustainability reporting practices among SMEs in Ghana

- Identify the key drivers and barriers to sustainability reporting in this context

- Develop recommendations for improving sustainability reporting practices among SMEs in Ghana.

Your input will provide valuable insights into the experiences and challenges faced by SMEs in Ghana, and will help to inform the development of practical and effective solutions to support sustainability reporting in this sector.

Will I be recorded, and how will the recorded media be used?

The online interview will be recorded. The audio and/or video recordings of your activities made during this research will be used only for analysis and the transcription of the recording(s) for illustration in conference presentations and lectures. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings.

How will my information be managed?

Bournemouth University (BU) is the organisation with overall responsibility for this study and the Data Controller of your personal information, which means that we are responsible for looking after your information and using it appropriately. Research is a task that we perform in the public interest as part of our core function as a university.

Undertaking this research study involves collecting and/or generating information about you. We manage research data strictly in accordance with:

- Ethical requirements; and

Current data protection laws. These control use of information about identifiable individuals, but do not apply to anonymous research data: "anonymous" means that we have either removed or not collected any pieces of data or links to other data which identify a specific person as the subject or source of a research result.

BU's Research Participant Privacy Notice sets out more information about how we fulfil our responsibilities as a data controller and about your rights as an individual under the data protection legislation. We ask you to read this Notice so that you can fully understand the basis on which we will process your personal information.

Research data will be used only for the purposes of the study or related uses identified in the Privacy Notice or this Information Sheet. To safeguard your rights in relation to your personal information, we will use the minimum personally-identifiable information possible and control access to that data as described below.

Publication

You will not be able to be identified in any external reports or publications about the research without your specific consent. Otherwise, your information will only be included in these materials in an anonymous form, i.e., you will not be identifiable.

Research results will be published on Bournemouth University's website [www.bournemouth.ac.uk] after publication.

Security and access controls

BU will hold the information we collect about you in hard copy in a secure location and on a BU password protected secure network where held electronically.

Personal information which has not been anonymised will be accessed and used only by appropriate, authorised individuals and when this is necessary for the purposes of the research or another purpose identified in the Privacy Notice. This may include giving access to BU staff or others responsible for monitoring and/or audit of the study, who need to ensure that the research is complying with applicable regulations.

Sharing your personal information with third parties

As well as BU staff and the BU student(s) working on the research project, we may also need to share personal information in non-anonymised form with:

1. Transcription services: A reputable external transcription service will be used to transcribe the interviews. They will be bound by confidentiality agreements to ensure data protection.

2. Research supervisors or external examiners: As part of the research oversight process, authorized personnel from Bournemouth University may review the data.

Further use of your information

The information collected about you may be used to support other research projects in the future, and access to it will not be restricted. You will not be able to be identified in the data without your specific consent. To enable this use, the data will be added to an appropriate research data repository such as BORDaR (BU's Data Repository): this is a central location where data is stored, which is accessible to the public.

Keeping your information if you withdraw from the study

If you withdraw from active participation in the study, we will keep information which we have already collected from or about you, if this has on-going relevance or value to the study. This may include your personal identifiable information. As explained above, your legal rights to access, change, delete or move this information are limited as we need to manage your information in specific ways in order for the research to be reliable and accurate. However if you have concerns about how this will affect you personally, you can raise these with the research team when you withdraw from the study.

You can find out more about your rights in relation to your data and how to raise queries or complaints in our Privacy Notice.

Retention of research data

Project governance documentation, including copies of signed **participant agreements**: we keep this documentation for a long period after completion of the research, so that we have records of how we conducted the research and who took part. The only personal information in this documentation will be your name and signature, and we will not be able to link this to any anonymised research results.

Research results:

As described above, during the course of the study, we will anonymise the information we have collected about you as an individual. This means that we will not hold your personal information in identifiable form after we have completed the research activities.

You can find more specific information about retention periods for personal information in our Privacy Notice.

We keep anonymised research data indefinitely, so that it can be used for other research as described above.

Contact for further information

If you have any questions or would like further information, please contact Phyllis Alexander by email at palexander@bournemouth.ac.uk or Martin Osei at mosei@bournemouth.ac.uk

In case of complaints

Any concerns about the study should be directed to Professor Lee Miles, Deputy Dean for Research, BU Business School, Bournemouth University, by email to researchgovernance@bournemouth.ac.uk.

Finally

If you decide to take part, you will be given a copy of the information sheet and a signed participant agreement form to keep.

Thank you for considering taking part in this research project.

Appendix D

Bournemouth University

Research Ethics Checklist

About Your Checklist	
Ethics ID	63751
Date Created	06/03/2025 19:19:25
Status	Open
Risk	High

Researcher Details	
Name	Prince Aidoo
Faculty	BU Business School
Status	Postgraduate Research (MRes)
Course	Postgraduate Research - BUBS
Have you received funding to support this research project?	No

Project Details	
Title	Exploring the drivers and barriers of sustainability reporting practices in Ghanaian Small and Medium-Size Enterprises (SMEs)
Start Date of Project	23/09/2024
End Date of Project	22/09/2025
Proposed Start Date of Data Collection	14/04/2025
Original Supervisor	Phyllis Alexander
Summary - no more than 600 words (including detail on background methodology, sample, outcomes, etc.)	

This study investigates the dynamics shaping the adoption of sustainability reporting practices among Small and Medium-sized Enterprises (SMEs) in Ghana. SMEs are crucial in Ghana's economic framework, contributing significantly to GDP and employment.
Nevertheless, their participation in sustainability reporting — an essential practice for meeting environmental, social, and governance (ESG) criteria — remains restricted. Drawing on Institutional Theory and the Resource-Based View, this study will explore the internal and external factors driving and hindering sustainability reporting in this context. The research aims to uncover the multifaceted drivers incentivizing SMEs to adopt sustainability reporting practices, including stakeholder expectations, compliance with regulatory standards, and integration into local and global supply chains. It will also delve into the barriers limiting this adoption, such as insufficient financial resources, limited technical expertise, and weak enforcement of policies tailored to SMEs. Furthermore, the role of leadership practices—particularly transformational, participatory, and other leadership—in influencing sustainability practices will be examined. The study will assess how government policies and institutional frameworks, including incentives and enforcement mechanisms, impact sustainability reporting within the SME sector. Employing a qualitative research design, data will be gathered through semi-structured interviews with 8 SME owners and managers across various industries. Thematic analysis will identify key themes and patterns, with findings mapped to the conceptual framework, which integrates drivers, barriers, leadership dynamics, and policy influences. The proposed study fills a critical gap in understanding the relationship of these factors within the specific socio-economic and institutional context of Ghana, a developing economy with unique sustainability challenges and opportunities. By advancing knowledge in this underexplored area, the study aspires to contribute to the literature and practical policy-making. Anticipated outcomes include actionable insights for policymakers to strengthen institutional support and refine regulatory frameworks, as well as recommendations for SME leaders to harness sustainability reporting for strategic benefits. This research will inform strategies for fostering the widespread adoption of sustainability practices among SMEs to enhance their resilience and contribution to sustainable development goals in Ghana.

Filter Question: Does your study involve Human Participants?

Participants

Describe the number of participants and specify any inclusion/exclusion criteria to be used

Purposive sampling will be employed to select 8 participants, comprising SME owners and managers. These individuals will be chosen for their direct involvement in sustainability reporting, ensuring the data reflects both strategic decision-making and operational perspectives (Patton, 2002). Selecting 8 participants aligns with recommendations by the business school for qualitative research literature, which emphasize that a sample size of 8 is adequate for capturing in-depth insights into complex phenomena. Moreover, Creswell (2014)
suggests that smaller sample sizes in qualitative studies are appropriate, given the detailed and time-intensive nature of data collection and analysis. Participants will represent SMEs from various industries and organizational sizes in Accra, Ghana. This diversity is critical for understanding how contextual factors, such as industry type and scale of operation, influence sustainability reporting practices. Including policymakers will also incorporate perspectives on regulatory and institutional frameworks that impact SMEs. This sample size and composition will ensure a rich dataset that captures the multifaceted drivers and barriers of sustainability reporting in Ghanaian SMEs.
Data collection instrument
Qualitative data will be collected through semi-structured interviews (Kvale & Brinkmann,

Do your participants include minors (under 16)?	No
Are your participants considered adults who are competent to give consent but considered vulnerable?	No
Is a Disclosure and Barring Service (DBS) check required for the research activity?	No

Recruitment

Please provide details on intended recruitment methods, including copies of any advertisements.

Participant companies will be recruited through and with the assistance of the Ghana National Chamber of Commerce & Industry (GNCCI). A letter has been sent to GNCCI by email seeking their assistance in the following: 1. Identify 8 Ghanaian SME companies that are willing to participate in my research. 2. Provide me with the contact details of the identified SME companies. 3. Facilitate an introduction or recommendation to the identified SME companies to enhance the likelihood of their participation in my research. Participants will be selected from two economic regions of Ghana (i.e., Greater Accra and Central Region). Also, the selection will include industries such as the agricultural sector, banking and financial industry, communication and mobile industry, the retail etc.

Do you need a Gatekeeper to access your participants?	No

Data Collection Activity	
Will the research involve a questionnaire/online survey? If yes, don't forget to attach a copy of the questionnaire/survey or sample of questions.	No
Will the research involve interviews? If yes, don't forget to attach a copy of the interview questions or a sample of questions	Yes
Please provide details, e.g., where the interviews will take place. Will you be conducting the interviews or someone else?	
The interview will be conducted by the researcher in Southampton, UK, through an online interview. In the event of poor internet connectivity, alternative methods such as phone and video calls will be used. To ensure data integrity, audio recording advice will be used to record the interviews at every stage. The researcher will also take short notes as a backup.	
Will the research involve a focus group? If yes, don't forget to attach a copy of the focus group questions or a sample of questions.	No
Will the research involve the collection of audio recordings?	Yes
Will your research involve the collection of photographic materials?	No
Will your research involve the collection of video materials/film?	No
Will any audio recordings (or non-anonymised transcripts), photographs, video recordings, or film be used in any outputs or otherwise made publicly available?	No
Will the study involve discussions of sensitive topics (e.g., sexual activity, drug use, criminal activity)?	No
Will any drugs, placebos, or other substances (e.g., food substances, vitamins) be administered to the participants?	No
Will the study involve invasive, intrusive, or potentially harmful procedures of any kind?	No

Could your research induce psychological stress or anxiety, cause harm, or have negative consequences for the participants or researchers (beyond the risks encountered in normal life)?	No
Will your research involve prolonged or repetitive testing?	No

What are the potential adverse consequences for research participants, and how will you minimise them?

Interviewing participants via online may bring about the following adverse consequences:

1. Privacy and confidentiality breaches: Unsecured online platforms or data storage can compromise participant anonymity.

2. Technical issues: Connectivity problems, poor audio/video quality, or platform glitches can disrupt the interview and cause frustration.

Minimizing Adverse Consequences:

1. Secure online platforms: Utilize encrypted, password-protected platforms and ensure compliance with data protection regulations.

2. Clear informed consent: Provide comprehensive, accessible, and easy-to-understand online consent forms and information sheets.

3. Participant support: Offer resources and support for participants who may experience emotional distress, such as counseling services or helplines.

4. Technical preparation: Conduct thorough technical checks before interviews, and have backup plans in place for technical issues.

5. Power dynamics awareness: Be mindful of power imbalances and take steps to mitigate them, such as using participant-centered language and approaches.

6. Debriefing and follow-up: Provide participants with a debriefing session and follow-up support to ensure their well-being and address any concerns.

Consent

Describe the process that you will be using to obtain valid consent for participation in the research activities. If consent is not to be obtained, explain why.

In qualitative research where human participants are involved, obtaining valid consent from participants is a crucial step in ensuring the ethical conduct of research. Below is the process I would use:

Pre-Consent Phase

1. Participant Identification: I will identify SME Companies in Ghana that meet the inclusion criteria for the study.

2. Initial Contact: Initial contact with the selected companies will be established via email and phone calls.

3. Introduction and Purpose: Briefly introduce the research topic, its purpose, and the potential benefits.

Informed Consent Process

1. Consent Form: I will provide the participants with a clear, concise, and accessible consent form that outlines:

- Study purpose and objectives

- Participant roles and responsibilities

- Potential benefits and risks

- Confidentiality and data protection measures

- Participant rights (e.g., withdrawal, anonymity)

- My contact information for the researcher and ethics committee

Consent Documentation

1. Signed Consent Form: I will make sure to obtain a signed consent form from the participant, which confirms their voluntary participation.

2. Consent Record

Ongoing Consent

1. Participant Reminders: Participants will be provided regular reminders about their rights, the study's purpose, and their ability to withdraw.

2. Consent Updates: The consent form will be updated as needed, and re-obtain consent from participants if significant

changes occur.Waiver of Consent

Participants' consent may be waived in exceptional circumstances, such as:

1. Minimal Risk: When the research poses minimal risk to participants.

2. Publicly Available Data

3. Emergency Situations

Do your participants include adults who lack/may lack the capacity to give consent (at any point in the study)?	No
Will it be necessary for participants to take part in your study without their knowledge and consent?	No

Participant Withdrawal

At what point and how will it be possible for participants to exercise their rights to withdraw from the study?

Participants can withdraw at any stage, pre-, during, and post-interview. If a participant decides to withdraw from the study: 1. Notification: The participant will notify the researcher of their decision to withdraw.
If a participant withdraws from the study, what will be done with their data?
If a participant decides to withdraw from the study, any data collected from such participant shall be deleted and withdrawn.

Participant Compensation	
Will participants receive financial compensation (or course credits) for their participation?	No
Will financial or other inducements (other than reasonable expenses) be offered to participants?	No

Research Data	
Will identifiable personal information be collected, i.e., at an individualised level in a form that identifies or could enable identification of the participant?	Yes
Please give details of the types of information to be collected, e.g., personal characteristics, education, work role, opinions, or experiences	
Personal information to be collected: 1. Name of participant 2. Position/role of participant	
Will the personal data collected include any special category data, or any information about actual or alleged criminal activity or criminal convictions which are not already in the public domain?	No
Will the information be anonymised/de-identified at any stage during the study?	Yes
Will research outputs include any identifiable personal information, i.e., data at an individualised level in a form which identifies or could enable identification of the individual?	No

Storage, Access, and Disposal of Research Data	
During the study, what data relating to the participants will be stored and where?	The personal information and the recorded audio and videos from the interview will be stored temporarily on the researcher's external drive and permanently on BU's data storage system

How long will the data relating to participants be stored?	Participants' data will be stored temporarily on the researcher's external drive and will be deleted after the successful completion of the viva exams. The data will be stored temporarily on the researcher's drive and permanently on BU's data Repository
During the study, who will have access to the data relating to participants?	The researcher, supervisory team, and BU will have exclusive access to participants during the study.
After the study has finished, what data relating to participants will be stored and where? Please indicate whether data will be retained in an identifiable form.	The recorded data obtained from participants will be stored temporarily on the researcher's drive and permanently on BU's data Repository. Identifiable data, such as name, position, will be anonymized. Storage files will be encrypted and stored on secure drives. In the event of data transfer, secure email will be used to transfer the encrypted files. Limited access will be granted to authorised persons only. Data transfer outside the EEA will comply with the General Data Protection Regulation (GDPR).
After the study has finished, how long will data relating to participants be stored?	On the researcher's external drive, the participants' data obtained during the study will be stored until successful completion of the viva exams. On BU's data repository, the data will be anonymised and stored according to BU's data protection policy.
After the study has finished, who will have access to the data relating to participants?	Only the researcher and BU will have access to the participants' data after the study.
Will any identifiable participant data be transferred outside of the European Economic Area (EEA)?	Yes
Please give details	Since the study related to SMEs in Ghana, the results of the study and the data collected will be transferred to Ghana to be added to the existing literature on sustainability reporting. Data transfer outside the EEA will comply with the General Data Protection Regulation (GDPR). Identifiable data, such as name, position, will be anonymized. Storage files will be encrypted and stored on secure drives. In the event of data transfer, secure email will be used to transfer the encrypted files.
How and when will the data relating to participants be deleted/destroyed?	Participants' data will be destroyed after the successful completion of the viva exams
Once your project completes, will your dataset be added to an appropriate research data repository, such as BORDaR, BU's Data Repository?	Yes

Dissemination Plans

How do you intend to report and disseminate the results of the study?

Other Publication

Will you inform participants of the results?	No

If Yes or No, please give details of how you will inform participants, or justify if not doing so
Participants will be provided with a copy of the study's results via their respective email addresses provided during the interview

Final Review	
Are there any other ethical considerations relating to your project that have not been covered above?	No

Risk Assessment	
Have you undertaken an appropriate Risk Assessment?	Yes

Filter Question: Will your research study take place outside the UK and/or specifically target a country outside the UK?

Additional Details	
List the European and/or overseas countries where the research will take place	
Ghana	
Are you currently a resident of the country named above?	No
Do you intend to remain in/visit the country named above to undertake the research?	No
Do you intend to remain in the UK but recruit participants from the country named above?	Yes
By participating in this research are there any potential risks to participants?	No
Does the country in which you are conducting research require that you obtain internal ethical approval (other than BU ethical approval)?	No

Attached documents
Sample interview_questions (Revised III).docx - attached on 24/03/2025 23:42:15
Participant Information Sheet Template STAFF_PGR (Published).docx - attached on 30/03/2025 21:49:55
Participant Agreement Form - general use TEMPLATE.docx - attached on 30/03/2025 21:50:03
Research Participants List.docx - attached on 30/03/2025 21:50:54
EthicsChecklist_BU Business School_Open_Prince Aidoo (4).pdf - attached on 30/03/2025 21:51:40