Chapter 11

An Exploratory Study About Corporate Governance and Integrated Reporting in the Mozambican Context: What Mozambique Has Done in Corporate Governance

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ABSTRACT

This article gives an overview of corporate governance in Mozambique. The mandatory disclosure of sustainability information leads to an increase in the social responsibility of managers. In this sense, the measure can possibly improve the ethical behaviour of the companies, while at the same time allowing for the reduction of the levels of corruption. The reputation in the business world creates a good image and can be transmitted in a reduction of risks to shareholders, and attraction of investments. This work contributes to the literature, and a greater understanding of sustainability in developing countries, particularly in Mozambique.

INTRODUCTION

This article intends to give an overview of corporate governance in Mozambique. Despite the good examples of the adoption of the integrated reporting, as noted in South Africa and in Brazil, in Mozambique these reports are not yet mandatory. The mandatory disclosure of sustainability information leads
to an increase in the social responsibility of managers. In this sense, the measure can possibly improve the ethical behaviour of the companies, while at the same time allowing the reduction of the levels of corruption. There is evidence of the relationship between, the adoption of the integrated reporting and the reputation of the companies in the capital markets. The reputation in the business world creates a good image and can be transmitted in a reduction of risks to shareholders, and attraction of investments.

In addition to the reasons previously presented, the study is relevant, because Mozambique, is facing a phase of great economic, political and social changes. It is in this context of changes, that the pressure on the part of society in general is evident, in order for the country to adopt measures to improve the performance of enterprises, with a significant impact on the competitiveness of country through higher reliable. Mozambique, in the last two decades, has been attracting foreign investment. Thus, it becomes important to adopt the corporate governance code, in that the good management practices recommended in the code can enhance economic growth. However, the relationship between transparency and attraction of new investments should be taken into consideration. This occurs as a general rule, investors are looking for markets that are considered transparent and/or secure.

It should be noted that we seek previous studies that address this subject, focusing on Mozambique. However, we find studies such as those of Esperança (2011) that address the topic with a focus on Lusophony space, examines the extent to which publicly listed companies across Sub-Saharan African countries have adopted “good corporate governance” practices; Munisi and Randøy, (2013) examines the extent to which publicly listed companies across Sub-Saharan African countries have adopted “good corporate governance” practices. Dues to the lack/ absence of studies focused in Mozambique, we started this exploratory study in order to launch the debate and to contribute to the continuous improvement of corporate governance and the integrated reporting in Mozambique. We conclude that, despite the progress observed in the sense, encourage the Mozambican companies to adopt the corporate governance code, still persists at low adherence to code in reference. In addition, in the context of Mozambique, the reports disclosed by most of these companies demonstrate the low or non-existent concern with social and environmental issues. In some cases, irrelevant information, is disclosed in order to try to legitimize your behaviour, by means of reports depicting a socially responsible image, regardless of actual behaviour.

The study is structured in six parts. We began by doing the contextualization of the debate around the topic, showing some ideas and reflections on the adoption of the corporate governance code, and the importance of the elaboration and dissemination of the integrated reporting; secondly, we address the financial aspects and the impact of the dissemination of the integrated reporting. The example of South Africa is then presented as one of the countries with the best adoption of the integrated reporting. This is justified according to the corporate governance code in Mozambique, being partly inspired by the South African. After that, the process of adoption of the integrated reporting in the country is explored, and some examples of dissemination are presented by the largest companies in the country. Finally, the limitations of the study, recommendations, clues to future works and some final considerations are presented.

LITERATURE REVIEW

The revision of the literature aims to make a survey and its synthesis of the scientific production of the thematic area. Thus, the mechanisms of corporate governance and the integrated reporting that contribute to the sustainability of companies will be described. We begin by discussing the importance of corporate governance and the integrated reporting.