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MAKERERE UNIVERSITY BUSINESS SCHOOL
ENABLING THE FUTURE

Editorial

There is considerable evidence that the field of business is topical today than ever before – largely because of the currently unprecedented uncertainty in the business environment. This can be seen from the issues that are of concern to people currently researching in the field. Thus in this maiden issue under my editorship we can see that financial inclusion as well as corporate social responsibility implementation issues are of concern. Contemporaneously, the struggle to inculcate entrepreneurial behavour among people and therefore addressing the need for entrepreneurial activity has elevated the value of business incubation. Yet the ravenous thirst for business financing motivates the search for alternative modes of financial intermediation; such as Islamic banking. In the public sector, goal incongruity has remained a burgeoning concern; in particular, whether the development of epistemological orientation of goal congruence literature is variegational or progressive, or both. These issues of concern permeate and are reflected in the field of business as a whole.

The papers published in this issue of Makerere Business Journal reflect attempts by scholars to put together research in issues reflected above. They represent original research using both quantitative and qualitative research methodologies. Mindra and Moya set out the scene exploring what determines financial inclusion, in particular providing the evidence regarding the mediating role of financial self-efficacy in explaining financial behavior. Their findings suggest that the relation between subjective norms, social networks and financial inclusion is both direct and partially indirect through financial self-efficacy. Lubogoyi, Kasekende, Ngoma and Bakunda aim to make a contribution on the explanation of how collectivism transmits the effect of organizational trust onto goal congruence. Its focus on local governments is due to inadequate (or lack of a clear) mechanism for goal harmonization between politicians, government bureaucrats and technocrats. The major finding of their study is that for local governments, organizational trust alone does not directly influence goal congruence except through collectivism. Katamba and Akora attempt to model CSR implementation using a qualitative case methodology. This Uganda context-specific model explains successful CSR implementation. The authors envisage that such a CSR implementation modal can deliver the Uganda's "future that we want". Kaawaase and Nalukwago examine the relationship between religiosity and Islamic banking using the theory of reasoned action as a relevant theoretical framework. They find significant effects of behavioral intentions on the urge to patronize Islamic banking in Uganda. That religious beliefs are a mechanism through which attitudes and subjective norms impact the urge to patronize Islamic banking. The last but not least paper that this issue enlists is by Abaho and Nkambwe. Their paper examines the nature of services of business incubation. They adopt an ethnographic design and collect data through observation and interviews. Their study documents the incubation services offered, the incubation process and perceived usefulness of incubation services. Consequently, the authors develop an incubation model suitable to the Ugandan setting.

Looking ahead, research on business in Uganda and generally Africa is still in its infancy. What is known is patchy. Thus, in general, the African terrain and particularly Uganda, offers scholars a minefield of untapped research opportunities with regard to the nature and character of business.

Makerere Business Journal (MBJ) is, of course, the official Journal of Makerere University Business School in Uganda. Producing it is one of the main activities that the University undertakes. All papers in this issue, as in all others to come, (will) have in common that they investigate an aspect of business – and one feature of business is that it is a very wide and a very interdisciplinary field. With that I leave you to read the papers, hoping that they will inspire you to read and act and to contribute to future editions.

Associate Prof. Stephen K. Nkundabanyanga (PhD)

Editor

FORWARD

The Makerere Business Journal (MBJ) was launched in the 1990s as part of the School's effort to channel its research energy through publications. Universities that excel do so with a strong foundation in research. This research is published in various academic journals in the world. Makerere University Business School, (MUBS), its collective efforts and thoughts in research must be arched in one place, this is the MBJ.

I congratulate the editorial board and the authors who have made this possible. Africa is at cross roads, it is being said and believed that Africa is the next big thing in economic growth. However, this is yet to come, it can only be achieved if African politicians and policy makers are informed by researchers and scholars. Currently there is a missing link between research, policy and implementation. The policies in Africa are inspired from elsewhere. The researches in Africa are largely funded by donors whose interests do not ream with African politicians.

The studies on mobile money banking, youth unemployment among others are funded from the western capitals. There is needs for Africa to fund its own research effort or to own that effort. This can only be done with home grown funded research and publications.

The MBJ has the intention of competing with other world class journals. It intends to establish itself as a unique journal that should be acknowledged for the quality of research and content. It is sad when African scholars struggle to publish their good quality research in other journals where they will have no impact. The high quality African journals will provide the necessary impact.

We intend to position ourselves as a leading journal that will benchmark with world class standards. We would also want to explore those areas that would add value to African economic scenes. The publications about Africa today that originate from the western culture and values, lack the reality and the perspective of the African setting.

I once again congratulate the editorial team, users and the School.

Prof. Waswa Balunywa
Principal
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Social Networks and Subjective Norms:
The Mediating effect of financial self efficacy on Financial Inclusion

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Abstract

Purpose: The purpose of this study was to examine the mediating effect of financial self-efficacy on the relationship between social networks, subjective norms and financial inclusion among individuals in Uganda.

Design/Methodology/Approach: We used a quantitative approach and cross sectional research design with a sample of 400 individuals from urban Central and rural Northern Uganda. Structural equation modeling was used to establish and test the hypothesized relationships and mediation effects between social networks, subjective norms and financial inclusion.

Findings: The results suggest that financial self-efficacy is a mediator of the relationship between social networks, subjective norms and financial inclusion. Furthermore, significant relationships between social networks, subjective norms and financial inclusion were found.

Research Limitations: The study was assessed using both potential and actual consumers of financial services collectively. However, if separately assessed, possibly there would be a variation in perceptions or behavioral responses towards financial inclusion.

Practical Implications: There is a need to develop and sustain high levels of financial confidence among individuals to enable them use formal financial services through the social networks and subjective norms in which they are embedded and social values they uphold.

Originality/Value: The results contribute towards the limited empirical and theoretical evidence regarding the mediating role of financial self-efficacy in explaining financial behaviour.

Keywords: Financial inclusion, financial self-efficacy, Social networks, Subjective norms, SEM
Paper type: Research paper

Introduction and motivation

Financial inclusion (FI) plays a critical role in economic development by facilitating growth and reducing inequality and deprivation of those excluded from the formal financial markets (Gupte et al., 2012). This is only possible when an economy utilizes a "balanced mediation effect" between the demand-side and supply-side (Kumar and Mohanty, 2011; Agrawal, 2008) in order to overcome income inequality and achieve more inclusive formal financial systems. The economic rationale of FI is to assist economies in preventing exploitative informal financial markets from flourishing at the expense of the vulnerable poor and the financially illiterate. Pande and Burgess (2005) argued that at a micro level, branch network in often excluded rural locations significantly reduced rural poverty through increased savings mobilization and loan

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distributions by banks that perhaps improve their welfare through the resources allocation process. Similarly, at a macro level, increasing the depth of financial services to the lower level segment through expansion of individual access to formal financial services may contribute to lower income inequality (Cull, Demirgüç-Kunt, and Morduch, 2013; Demirguc-Kunt and Klapper, 2012; Ehrbeck, Pickens, and Tarazi, 2012; Kasekende and Brownbridge, 2011).

According to Kempson and Whyley (1999), there is clear incongruity among previous empirical assessments that many people across the globe are excluded from mainstream banking but the reasons for exclusion differ from one individual to another. Schindler (2010) argued that there is need to integrate the informal and formal financial markets because the volume of informal activity is far greater than that of organized financial institutions. Perhaps this integration can inherently improve the involvement and consequently wellbeing of such rural segments by providing them with a wider array of efficient, safe and reliable financial services to improve their financial strategies and welfare. In order to gauge whether the formal financial institutions are effective vehicles of FI, it is thus important to understand the individual capabilities from a demand side perspective of the different segments within the diversity of an economy like Uganda which is highly characterised by social integrations and norms that influence individual behavior (Mindra. 2016).

In that regard, the decision-behavior theories and empirical studies that relate to individuals' decisions towards choice of financial products and services have drifted towards increasing emphasis on understanding the psychological processes underlying observed judgments or choices (Allen, Demirguc-Kunt, Klapper, and Peria, 2012; Clamara et al., 2014; Demirguc-Kunt and Klapper, 2012; Martínez et al., 2013; World Bank, 2014). Therefore, using Sen's capabilities approach (Sen, 1970) to explain FI, this study focused on examining the mediating role of financial self-efficacy on the relationship between social networks and subjective norms as key capabilities in advancing financial inclusion across two distinct regions of Uganda.

The rest of the paper proceeds as follows. The next section is literature review in which we also develop the study hypotheses. What then follows is the methodology section which enlists the methodology and methods adopted for this particular paper. This is followed by the presentation of the empirical analysis and discussion of results therefrom. The paper ends with a conclusion and implications.

Literature review

Financial Inclusion

Massara and Mialou (2014), Hannig and Jansen (2010) and Serrao et al. (2012) postulated that the notion of FI can be advanced through its three dimensions: access, usage and quality of financial services in order to deepen understanding about factors that associate with FI that enables the testing of hypotheses between FI and other variables. In the same regard, World Bank, (2014) identifies the adoption of multidimensional approach to define and operationalize FI. This is to minimize the often mistaken supposition that FI can only be achieved by simply offering enough access points, savings products and frequency of use by individuals to provide more valid results and perspectives. Demirguc-Kunt and Klapper, (2012), Ardic et al., (2011) and AFI (2012 argued that FI is often measured through the three dimensions; the access dimension measures the physical and breadth of financial services, and individuals' ability to use the available financial products and services at a service point; Usage dimension measures an individual's ability to derive permanent purpose and utility from a particular financial product or service. The quality dimension measures the relevance of the financial products or services in the day-to-day needs of the financial consumer.

Social Networks and Financial Inclusion

As individuals manage their daily lives, they interact and embed themselves in complex relationships. Social networks, one of the topical concepts that has emerged in social science research, is the extent to which individuals are linked together through inter-relationships at different levels and their influence on the way they behave (Granovetter, 1990). Social network theories have identified the existence of significant relationships that include acquaintances or friends classified as weak ties whereas close friends, relatives, or neighbors are strong ties (Burt (1982). Such ties can be described as ego-centric or socio-centric (Ladin and Hanto, 2010). Social networks present a compelling way of examining collective behaviour through individuals' engagement in similar behaviours with others, flow of information within the networks or adopting the social norms within these interactions that inherently influence their behaviour and consequently beneficial outcomes where people are linked by relationships/ties (Ladin and Hanto, 2010, Fischer, 1982, Okten and Osili, 2004, Rowley, 1997; Carpenter et al., 2012, Kilduff et al., 2006, Phelps et al., 2012, Granovetter, 1985).

Therefore, the study argues that for FI to be achieved, individual's choice of financial services is shaped by social capabilities and the extent to which the individual effectively utilises the resource endownments like financial information that the networks possess to influence their financial behaviour and consequently FI. This is consistent with Zhang et al (2012) and Zhou et al (2009) who found a significant positive relationship between networks and household choice of financial intermediaries.The study therefore, hypothesises that:

H_1**:** *There is a significant positive relationship between social networks and financial inclusion.*

Subjective Norms and Finanial Inclusion

Subjective norms refer to an individual's belief about whether significant others think that one should engage in a given behaviour and one's motivation to comply with the specific referents (Ajzen, 1991, Fishbein and Ajzen, 1975, Ajzen and Fishbein, 1980). According to the theory of planned behaviour (TPB), the stronger the subjective norm, the more likely the individual will form intentions to perform a particular behaviour. Evidence shows that the reason for this influence and pressure imposed by the social environment, is that an individual would perform the behaviour even though the individual may not be in favor of undertaking a particular activity or behaviour (Venkatesh and Morris, 2000). Empirical studies in various disciplines (Latimer and Martin Ginis, 2005; Liu et al., 2014; Parker et al., 1995; Rice et al., 2010; Clowes and Masser, 2012; Roberto et al., 2012; Park et al., 2009) have shown varied results regarding subjective norms as a predictor of behaviour. However, (Liu et al. (2014); Taib et al. (2008); (Gopi and Ramayah, 2007, Azam and Lubna, 2013, Lean et al., 2009) found that there was a strong interaction between social norms and financial incentives. This study therefore, hypothesizes that;

H_2**:** *There is a significant positive relationship between subjective norms and financial inclusion.*

Financial Self- efficacy (FSE) and Financial Inclusion

The social cognitive theory (SCT) explores the role of cognitive thinking in guiding individuals' motivation and financial behaviour (Sandler, 2000) which is linked to FSE. FSE refers to the measure of confidence an individual possesses to use financial services which was anchored in the context of the finance domain. Bandura, (2005) argued that a 'one measure fits it all' approach usually has limited explanatory and predictive value because most of the items in an all-purpose test may have little or no relevance to the domain functioning". For instance, Kinard and Webster (2010) in their study examining the relationship between self-efficacy and unhealthy consumption behaviour, found that self-efficacy is a weak predictor of risk behaviours. The lack of significance was attributed to the use of a general scale rather than the domain specific measure.

FSE is proposed to predict the likelihood of an individual being able to access and use formal financial services. Examining the financial self-efficacy concept and its relation to FI is particularly relevant because a financial consumer's cognitions and behaviours might have notable influence by belief in their abilities to engage in a specific task or activity. Despite the significant influence of self-efficacy on individual behaviour, a number of researchers, though limited in comparison with other disciplines, have explored the relationship between the financial self-efficacy and higher levels of financial well-being (Lown, 2012). For instance, Tokunaga (1993) concluded that, financial self-efficacy seems to be the missing link between knowledge individuals possess and effective financial action and outcomes.

In line with other scholars, Danes and Haberman (2007) emphasised that self-efficacy significantly influenced financial behaviour especially when teens have financial knowledge. Tokunaga (1993) and Engelberg (2007) also found that among other psychological capabilities, self-efficacy helped in predicting the likelihood of credit problems. In that regard, these findings are in line with the hypothesised perspective that the importance of such financial confidence required by a financial consumer to propel them into considering the use of financial products and services is important. Therefore, with reference to FI, a high level of self-efficacy is likely to positively influence financial consumers' actions to access financial services. Ozmete and Hira, (2011) carried out a conceptual analysis of behavioural theories and their application on financial behaviour. They found that self-efficacy is one of the key determinants of financial behavioural change in different environments. This implies that when an individual consumer has significantly high levels of self-efficacy, it may influence them to access and use a financial institution of their choice, products and services.

Therefore, people with high self efficacy tend to focus on opportunities and shun obstacles in anticipation of a positive outcome (Locke and Baum, 2007). For instance, a financial consumer with high self-efficacy will anticipate the improvement in welfare if they were able to save, acquire credit, insurance services, make payments and invest and view the obstacles towards inclusion merely as part of the game (Mindra. 2016). We therefore hypothesise that;

H_3*: *Financial self-efficacy is significantly related to financial inclusion among individuals in Uganda.

The Mediating Role of Financial Self-efficacy

Self-efficacy influences individual tasks or choices directly and also indirectly to realize positive outcomes that individuals usually anticipate (Bandura, 1994). In line with this, self-efficacy has been used in some studies as a mediating variable and has been identified as a much more consistent predictor of behaviour and behavioural change (Bailey and Austin, 2006, Bandura, 1986, Zhao et al., 2005, Zimmerman et al., 1992). These studies are predominant in the health (Maciejewski et al., 2000), organisational studies (Gong et al., 2009, Stajkovic and Luthans, 1998), entrepreneurship (BarNir et al., 2011, Zhao et al., 2005) and academic learning domains (Diseth, 2011, Hejazi et al., 2009, Pintrich and Garcia, 1991, Weiser and Riggio, 2010, Zimmerman et al., 1992, Zimmerman, 2000). Few studies discussed below have examined the mediating role of self-efficacy in the finance context, specifically FI.

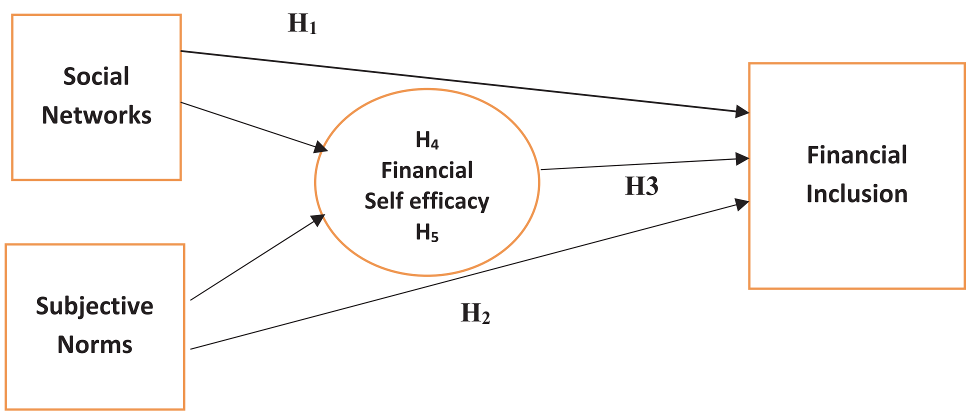
Empirical findings for instance (Bandura & Schunk, 1981; Bouffard-Bouchard, 1990) over the years have supported Bandura's argument that self-efficacy beliefs actually mediate the relationship between various variables and performance attainments in specific domains. In addition, these findings have also demonstrated that self-efficacy beliefs influence these attainments by influencing effort and perseverance to achieve certain outcomes and tasks which is unlike other personality attributes. For instance Wood et al (1987) found that academic self-efficacy influenced achievement indirectly, implying that the students believed that their capabilities used more cognitive strategies with increased levels of self-efficacy to persist through given tasks. These findings are consistent with Pintrich and Garcia (1991) who concluded that self-efficacy played a facilitative role in the process of cognitive engagement among students to realize more successful performance propelled by the will to achieve besides the skills they possessed. In addition, (Hejazi et al., 2009) found that academic self-efficacy beliefs have a significant mediating effect on the relationship between identity styles and academic achievement. Maciejewski et al (2000) in their study about depression found that self-efficacy mediates approximately 40% of the effect of dependent stressful life events on individuals with symptoms of depression which showed a relatively influential effect of self-efficacy. Zhao et al (2005b), in their study examining the mediating role of self-efficacy in development of entrepreneurial intentions, found that the effects of perceived learning from entrepreneurship-related courses, prior entrepreneurial experience, and risk propensity on entrepreneurial intentions were fully mediated by entrepreneurial self-efficacy.

Therefore self-efficacy is a dynamic attribute individuals may possess in various contexts, and hence it can be altered by specific individual behaviour, biological events and the environment within which they interact (Bandura, 1997; Stajkovic and Luthans, 1998). At present, a detailed discussion on FSE is almost non-existent, considering the fact that in other fields, self-efficacy has been found to have a positive mediating and moderating association to individuals' behaviours. Based on prior empirical findings the study hypothesizes that;

***H_4*: *Financial self-efficacy significantly mediates the relationship between social networks and financial inclusion among individuals in Uganda.*

***H_5*: *Financial self-efficacy significantly mediates the relationship between subjective norms and financial inclusion among individuals in Uganda.*

Conceptual Framework



Methodology

Philosophical assumptions

This study is rooted in the positivist epistemology. The positivist epistemology focuses on explaining and predicting what happens in the social world by focusing on revealing causal relationships between its elements or variables (Crotty, 1998; Babbie, 2012). The positivist approach is applied to research where the overall aim is to record, measure and predict reality through a set of variables and constructs. It is argued that positivists presuppose that the reality in the societal world is tangible and its meaning can be identified, studied and measured using approaches of natural science (Ardalan, 2011; Babbie, 2013; Saunders et al., 2011,). Further, this study is framed within the objectivist ontological perspective which assumes that there is a single reality in the social world, whereby human behaviour is measured 'from outside' without accessing the meanings that individuals give their measurable behaviour (Sarantakos, 2005). In this regard, a quantitative research methodology and large sample size was applicable, given the expectation of the positivist epistemology and objectivist ontological perspective. This approach enabled the identification of the underlying associations of study independent variables and financial inclusion.

Theoretical perspective

The capability approach (CA) developed by Sen (1970) postulates that an individual may possess certain desirable capabilities like social networks and subjective norms inorder to realise certain outcomes for instance financial inclusion intended to improve their social inclusion as well as improved welfare (Nussbaum and Sen, 1993; Robeyns, 2003; Iversen, 2003; Hill, 2003). CA was used to articulate this study because of its focus on the capabilities individuals are likely to possess that enable them become more inclusive in the formal financial system. FI is one such anticipated outcome and development strategy intended to foster livelihoods and reduce poverty in developing countries like Uganda especially in the predominantly financially excluded rural areas.

CA is an analytical framework in defining and analysing capabilities such as the ability to access and use financial services to improve welfare and quality of life (Sharma, 2005). In line with the assumptions of CA, this study argues that the perspective relating to individual capabilities such as the possession of social networks and subjective norms influence individuals' financial decisions that frame the understanding of FI in a developing country context like Uganda.

Research Design

The study adopted a cross-sectional survey research design which involved collecting data at a particular point in time that is useful in obtaining facts and perceptions of respondents. Additionally, the quantitative method approach generated data from a cross sectional survey which was useful in making statistical explanations and inferences about the key variables of the study (Saunders et al., 2011). Specifically, statistical relationships between the personal capabilities , societal capabilities (social networks, subjective norms) and financial inclusion were examined. Cross-sectional studies are perceived to be relatively inexpensive, faster and easier to do, useful for generating and clarifying hypotheses and can lay the groundwork for decisions about follow-up studies (Sekaran, 2000).

A deductive approach of scientific research was used to carry out this study. An argument is deductive in nature if its conclusion is a logical consequence of its hypotheses (Brink, Van der Walt and Van Rensburg, 2006; Sserwanga, 2011). In addition, with deductive reasoning, a researcher takes a general theory or idea, tests it and consequently arrives at a specific conclusion which enables the researcher to arrive at a valid position of reasoning within a specific context. In this, a deductive approach of investigation and analysis was used because the alternative, the inductive approach, which uses exploratory techniques to establish relationships among constructs, leaves a lot of room for assumptions and generalizations (Popper and Popper, 1972; Saunders et al., 2011).

Study population and Sample size

The study population included all adults aged 18 years and above within the Central and Northern regions of Uganda provided by the Uganda Population and Housing Census, 2014 (UBOS, 2014). The population consisted of 2,471,477 individuals located in these selected districts in the Central region (Kampala and Mukono districts) and Northern region (Maracha and Kaabong) (UBOS, 2014). Individuals were specifically considered because the study is demand side focused at individual level, and they were able to inform the study on the capabilities relating to financial inclusion. Additionally, the choice of these districts was based on the level of financial inclusion and significant variations that exist in these locations.

The selected districts in the Central region represent highly urban and peri- urban locations that enjoy high levels of financial inclusion whereas the selected districts in Northern Uganda represent the rural locations register that high levels of financial exclusion in Uganda (BoU, 2013; Finscope, 2013; UBOS, 2014). Furthermore, this selection provides a balanced sample of the population given the differences in economic and social aspects of the rural and urban areas. This mixed approach (rural-urban divide; included-excluded) controlled for individual specifics which could influence FI from a demand side perspective given the disparities that exist in the formal financial system.

A Sample size of 400 individuals was targeted. This was determined by adopting Yamane (1973) sample size selection approach. According to Yamane's formula, sample size is determined by: $n = N/1+N(e)^2$ where: n- is a sample size; N- is total population; and e- is tolerable error. On the basis of Yamane's approach with total population (N) and tolerable error (e) 5%, the sample size (n) Yamane's sample selection was preferred because it fairly yields a representative sample.

Data collection and variable measurement

Data were collected from respondents using a self-administered questionnaire. Reliability of the data collection instrument was tested using Cronbach's alpha coefficient ensuring that all variables had alpha coefficients .70 threshold. The questionnaire was categorized into three sections examining the demographic characteristics of the respondent, financial inclusion (dependent variable), financial self efficacy (mediating variable), social networks, subjective norms (independent variables) respectively. The questionnaire items developed were adopted from previously established valid items and modified to suite the current study. The manifest variables can be found in Table V.

Measurement of Key Variables

Social Networks

The network application with an external view was adopted; measuring social networks in terms of network availability which indicates the possession of valuable resources used by individuals and network intention which indicates an individual's desire to use the relationships/ties to achieve specific outcomes (Borgatti and Foster, 2003; Carpenter et al., 2012; Hallen, 2008; Kilduff et al., 2006). (refer to Table V for manifest variables)

Subjective Norms

Subjective norms were measured in terms of an individual's normative beliefs of image, visibility and referent people. The respondents were required to indicate the extent to which other people significant to them influence their financial behaviour (Ajzen and Fishbein, 1980; Ajzen, 2011; Ajzen, 1991; Fishbein and Ajzen, 1975; Clowes and Masser, 2012; Roberto et al., 2012; Chau et al., 2004; Rice et al., 2010; Liu et al., 2014).(Table V)

Financial Inclusion

Financial inclusion was operationalized using access, usage and quality dimensions (Center of Financial Inclusion, 2013; Demirguc-Kunt and Klapper, 2013; Ssonko, 2010; Ddumba-Sentamu, 2009; Global Financial Inclusion Database; World Bank, 2014). (Table V)

Data analysis

Data analysis process involved screening and performing various statistical tests that are relevant in explaining the study variables. Before the data were analysed, they were cleaned by checking for errors and completeness, edited, coded, transcribed and entered into the Statistical Package for Social Scientists (SPSS) for screening and preliminary analysis. Analysis of Moment Structures (AMOS) was then used for confirmatory factor analysis for validity analysis and Structural Equation Modeling (SEM) to test the study hypotheses.

Empirical Analysis and Discussion of Findings

A geographical assessment in terms of gender, community lived in, education level and monthly income across Central and Northern regions of Uganda was necessary as earlier presented in the methodology section. This was specifically to establish how they demonstrate the facilitation or limitations of access to financial services given the infrastructural and economic differences, cultural and natural barriers among others as key characteristics of the respondents. The cross tabulations of the characteristics presented in Table I were selected because they provide important background information about the individual respondents associated with financial inclusion.

Variable			**Region**		
			Central %	**Northern%**	**Total %**
	Gender	Male	29.5	22.2	51.7
		Female	20.5	27.8	48.3
Total			50	50	100
Community lived in		Rural	0	50	50
		Urban	50	0	50
Total			50	50	100
Job	No		17.5	16.8	34.3
	Yes		32.5	33.2	65.7
Total			50	50	100
Education attained			3.0	6.2	9.2
Did not attend			3.2	31.0	34.2
Primary		O-level	9.0	5.8	14.8
		A-Level	7.5	2.0	9.5
Vocational with no formal			0.5	0.5	1
Vocational after primary			1.5	1.5	3
Vocational after secondary		Diploma	3.8	1.5	5.3
		Bachelors	7.8	1.5	9.3
Masters and above			10.2	0	10.2
			3.5	0	3.5
	Total		50	50	100

Source: Primary Data

Table I: Demographic Characteristics of Respondents across Region

Diagnostic tests

The diagnostic tests were performed on the normality, linearity, multicollinearity and homogeneity of variance and results are presents in Table II.

Variables	Skew ness	Kur tosis	R^2Coe fficients	VIFs	ANOVA F-statistic (Sig<0.05)	Levene Test (Sig>0.05)	Kolmo gorov (Sig>0.05)
Financial inclusion	.730	-1.508			110.197	2.891	0.353
Financial self efficacy	-.337	-.949	.63	3.106	122.593	8.412	0.432
Social networks	-.213	-.730	.40	1.538	125.382	.004	0.323
Subjective norms	-.485	.472	.60	2.732	222.874	16.232	0.243

Source: Primary data

Table II: Diagnostic Tests

Normality was tested using Kolmogorov, skewness and kurtosis tests. Skewness and Kurtosis test results indicated that data on all study variables were fairly normally distributed as presented in *Table II*. The results were within the recommended distribution values of ±2.58 at .01 significance level and ± 1.96 at .05 error level respectively (Hair et al., 2010). Kolmogorov test indicates sig. values greater than 0.05 an indication that the data is fairly and normally distributed. *Multicollinearity* was tested using the variance inflation factor (VIF). The common cutoff value for VIF of 10 (Field, 2009; Hair et al., 2010). The results in Table II indicated that all VIF values were less than 4. Linearity was assessed by examining the line of best fit, the R^2 co-efficient on the scatter plots were moderate to high ranging from .40 to .63 and ANOVA F-statistic which were significant in a simple regression which is a clearer representation of a linear relationship if it actually exits (Hair at al., 2010). The scatter plots showed a linear relationship between the variables and thus upholding the linearity parametric assumption as presented in Table II. *Homogeneity of variance* was tested using the Levene test to assess equal variance dispersion. The results in Table II indicated a not significant Levene statistic - an indication that the data was homogeneous as recommended by Pallant (2010) and Field (2009).

Measurement and Structural Models

Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM)

Convergent and Discriminant Validity

In CFA, Average Varience Extracted (AVE) were all above 0.5 indicating convergent validity and the square roots of the Varience Extracted (VE) for each manifest variable were greater than the correlation coefficients with financial inclusion, implying discriminant validity. The results confirm construct validity and composite reliability of financial inclusion, social networks and subjective norms as presented in Table III.

Table III: Summary of Convergent and Discriminant Validity

	EFA	CFA	
Measurement Scale	**Communalities Range**	**AVE**	**Square root of AVE**
Financial Inclusion	0.61 – 0.95	0.893	0.945
Social networks	0.64 – 0.81	0.760	0.872
Subjective norms	0.62 – 0.75	0.677	0.823

Source: Primary Data

Structural equation modeling (SEM) is a theory driven technique that combines factor analysis with multiple regression in order to simultaneously assess the contribution and relationships among multiple observed and unobserved variables (Schreiber et al., 2006; Hair et al., 2010; Ullman, 2001). In this study, SEM was used because of its ability to explain a set of hypothesised relationships at the same time, its ability to allow one to test theoretical prepositions and directionality of the variables through path analysis while minimising measurement error. Additionally, SEM was used to test the mediation hypotheses accordingly. These have been identified as major drawbacks in the factor analysis and traditional multiple regression analysis which SEM overcomes in order to draw more robust conclusions regarding the stipulated hypotheses. The statistical significance and model fit indices were used to assess the significance of the measurement model and structural paths representing the effect of hypothesised variables respectively. In this study, the specific model fit indices used to assess the measurement and structural models were; absolute fit indices which included chi square value whose cut off should have a ratio to degrees of freedom ≤ 2 or 3; and incremental and parsimonious fit indices which included Normed fit index (NFI), Incremental fit index (IFI), Tucker-Lewis Index (TLI), comparative fit index (CFI) whose cut off for acceptance should be .95 and root mean square residual (RMSEA) < .08 with 95% confidence interval were used to assess how the articulated theoretical model fits the sample data and alternative models (Hair et al., 2010).

Measurement Models

CFA confirmed a specific number of items presented in Table IV respectively for the constructs with the latent and manifest variables clearly indicated by the regression weights, and a presentation of the model fit summary indices for each factor. Consequently, the structural models were developed explaining financial inclusion among selected individuals in Uganda from a demand side behavioural perspective.

Financial inclusion

Financial inclusion was measured in terms of access, usage and quality of financial services. CFA confirmed and retained the three constructs and four items were retained for access, two for usage and two for quality with the observed variables of financial inclusion as shown in Table IV, Figure 1 and regression weights in Table V. This suggested a good representation of financial inclusion items.

Financial Self-efficacy

CFA confirmed and retained five items to measure a one factor model of financial self-efficacy as shown in Table VI, Figure 2 and the regression weights Table V. The results indicated a good model fit. This suggested a good representation of financial self-efficacy items hence confirming the factors or items used in the CFA model and the overall hypothesised measurement model for the study.

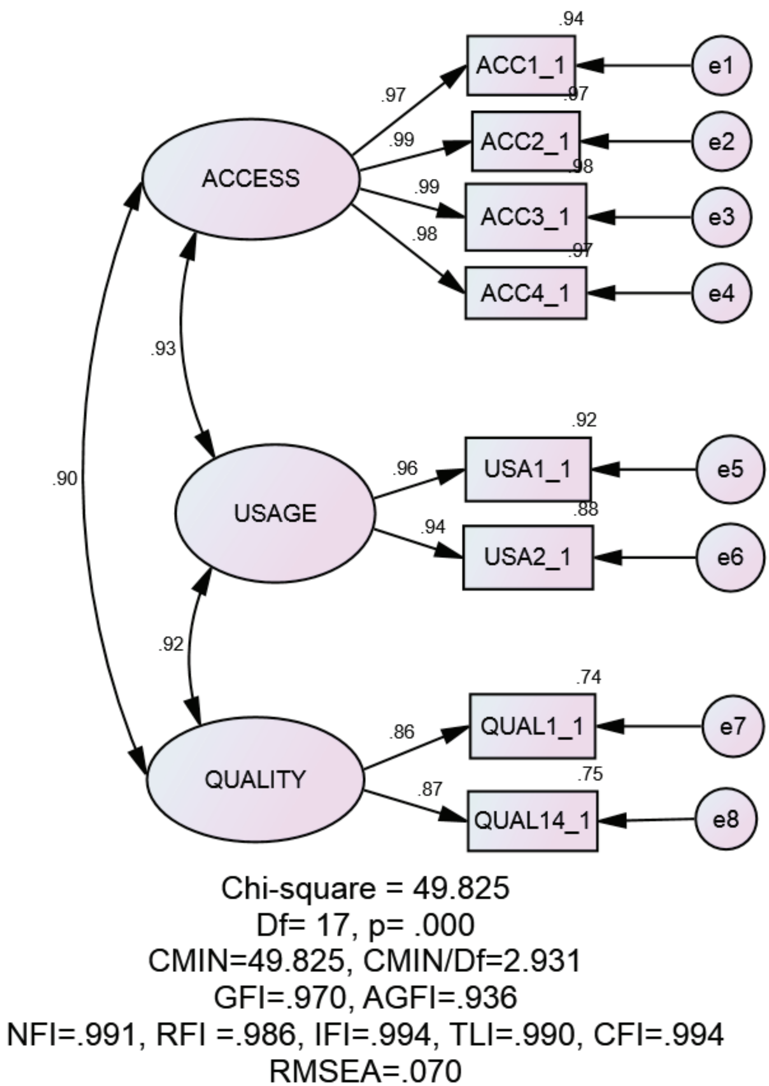
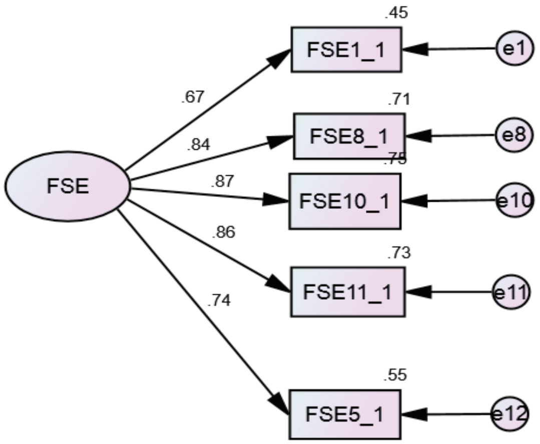


Figure 1:
Financial Inclusion Measurement Model

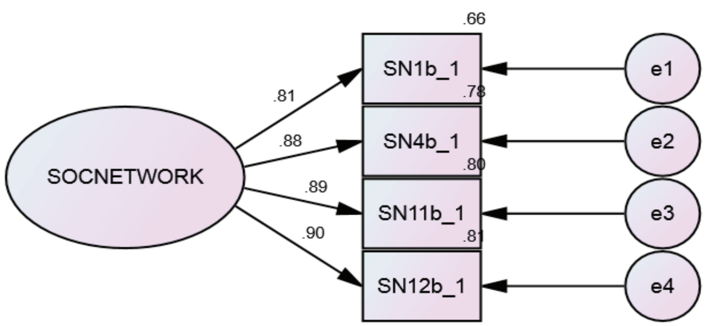


Chi-square = 53.456
Degrees of freedom = 5, p=.000
CMIN=53.456, CMIN/Df=10.691
GFI=.943,AGFI=.830,
NFI=.956, RFI =.916, IFI=.960, TLI=.920, CFI=.960
RMSEA=.06

Figure 2: Financial self efficacy (FSE) Measurement Model

Social Networks

CFA confirmed and retained four items to measure a one factor model of social networks as shown in Table IV and Figure 3. The results provided a good model fit suggesting a good representation of social networks items retained in the CFA measurement model.



Chi-square = 8.045
Df = 2, p=.018
CMIN= 8.045, CMIN/Df=4.022
GFI=.990, AGFI=.952, NFI=.994, RFI =.981, IFI=.995, TLI=.986, CFI=.995
RMSEA=.08

Figure 3: Social Networks Measurement Model

Subjective Norms

CFA confirmed and retained four items to measure a one factor model of subjective norms measured as shown in Table V and Figure 4 and the regression weights in Table IV which suggested a good representation of social networks items retained in the CFA measurement model.

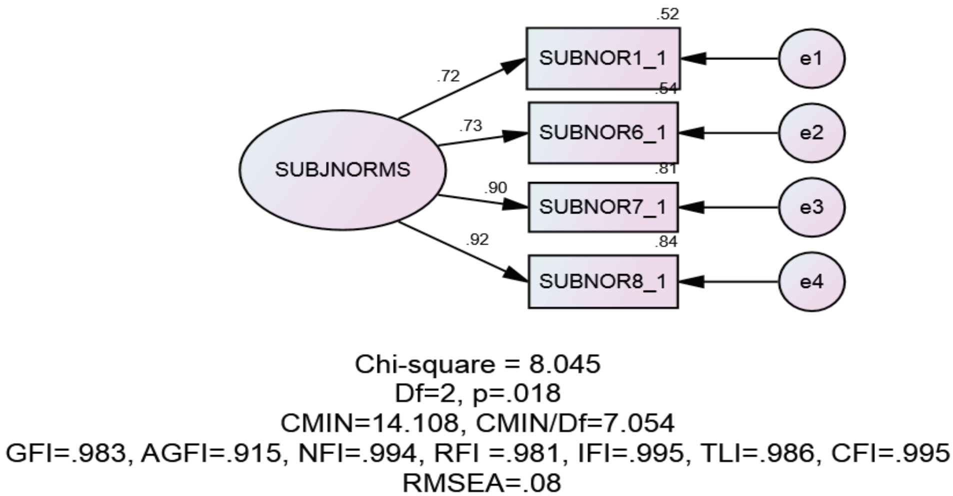


Figure 4: Subjective Norms Measurement Model

Table IV: Constructs and Items of Financial Inclusion, Social Networks and Subjective Norms

Construct	Code	Items
Financial Inclusion (FINCLU)	ACC1_1	There is an usable access road leading to the nearest formal financial institution
	ACC2_1	The nearest bank is less than 5km from in my home
	ACC3_1	I live within less than 1km of an ATM that I can easily visit to access my account
	ACC4_1	There is an usable access road leading to the nearest formal financial institution
	USA1_1	I am aware of the formal products and services (savings, loans, insurance and payments/remittances)
	USA2_1	I have used my savings account to save for future expenses
	QUAL1_1	I know which documents are required to open a bank account
	QUAL14_1	I receive prompt information regarding my transactions
Social Networks (SO-CINTEN)	SN1b_1	Social networks are the most important source of financial information
	SN4b_1	I use the opportunities within my networks to attain my financial goals
	SN11b_1	I use opportunities within quickly in order to attain my financial goals
	SN12b_1	I get involved in activities within my networks that improve my financial wellbeing
Subjective Norms (SUBNORM)	SUBNOR1_1	The people who influence my decisions expect me to save my money in the bank
	SUBNOR6_1	People whose opinions I value would approve of the usefulness of insurance services
	SUBNOR7_1	The people important to me believe I can afford formal financial services
	SUBNOR8_1	The people important to me think that formal financial services are cheaper to use
Financial self efficacy (FSE)	FSE1_1	I am confident that I can manage my finances
	FSE5_1	I can easily spend less than my income each month
	FSE8_1	I can confidently deposit money in the bank to plan for the future
	FSE10_1	I have the ability to borrow money from the bank
	FSE11_1	I have what it takes to use financial services to manage my financial goals

Source: Primary Data

			B	S.E.	β(Beta)
Social Networks					
SN1b_1	<---	SOCINTEN	1.000		.813
SN4b_1	<---	SOCINTEN	1.040	.049	.882***
SN11b_1	<---	SOCINTEN	1.032	.048	.892***
SN12b_1	<---	SOCINTEN	1.121	.052	.898***
Financial Inclusion					
ACC1_1	<---	ACC	1.000		.969
ACC2_1	<---	ACC	1.040	.016	.985
ACC3_1	<---	ACC	1.044	.016	.989
ACC4_1	<---	ACC	1.039	.016	.984
QUAL1_1	<---	QUAL	1.000		.861
QUAL14_1	<---	QUAL	1.022	.046	.867***
USA2_1	<---	USA	.971	.025	.939***
USA1_1	<---	USA	1.000		.957
Subjective Norms					
SUBNOR1_1	<---	SUBNORM	1.000		.720
SUBNOR7_1	<---	SUBNORM	1.115	.064	.899***
SUBNOR8_1	<---	SUBNORM	1.190	.068	.918***
SUBNOR6_1	<---	SUBNORM	.795	.056	.734***
Financial self efficacy					
FSE8_1	<---	FSE	1.268	.087	.842***
FSE10_1	<---	FSE	1.522	.101	.868***
FSE11_1	<---	FSE	1.462	.099	.856***
FSE5_1	<---	FSE	1.146	.087	.741***
FSE1_1	<---	FSE	1.000		.669***

Source: Primary Data

Table V: Measurement Model Regression Weights for financial inclusion, social networks, subjective norms and financial self efficacy

Testing for Relationships between Social networks, Subjective Norms and Financial Inclusion

After assessing the measurement models and identifying the construct and manifest variables of social networks, subjective norms and FSE & FI, structural equation models were fitted to test the study hypotheses. These were within acceptable standards, estimates of the hypothesised relationships using the structural model assessment component as explained in the following sections.

Relationship between Social Networks, Subjective Norms and Financial Inclusion

Table VI: Regression Weights for Social networks, Subjective Norms, Financial Self-Efficacy and Financial Inclusion

			B	S.E.	β	P	Hypothesis?
FSE	<---	SOCNET	.236	.052	.261	***	
FSE	<---	SUBNRM	.549	.062	.619	***	
FINCLU	<---	FSE	.943	.103	.570	***	
FINCLU	<---	SOCNET	.264	.065	.177	***	*Supported* H_1
FINCLU	<---	SUBNRM	.376	.083	.256	***	*Supported* H_2
FINCLU	<---	DMarried	-.385	.105	-.090	***	

Source: Primary Data

The SEM results for Figure 5 and Table VI generated generally acceptable model fit values for social networks, subjective norms and FI according to (Schreiber et al., 2006, Hu and Bentler, 1995, Hair et al., 2010). The results presented indicate that social networks were significant and positively related with financial inclusion (p<.001) therefore supporting hypothesis $\boldsymbol{H_1}$ *that there is a significant positive relationship between social networks and financial inclusion among individuals in Uganda*. The results suggest that individuals' possession of distinguished relationships within their specific interactions through friendly or family relationships was a source of financial information on saving, credit, insurance and remittances that enable their effective utilization. The results are consistent with (Jones and Volpe, 2011; Cassar and Wydick, 2010; Kamukama et al., 2010; Black, 2013) who found that social relationships increased the availability of financial information useful in improving an individual's knowledge about existing financial services such as credit, savings, insurance and remittances. In this regard, this study provides an indication that the continuous interactions through meetings and other social activities are very common in Ugandan societies and may influence individuals' behaviours through the creation of awareness and advice on various financial choices or options, hence financial inclusion.

Social networks continue to be viewed as a platform for formulating shared values, preferences and instruments for pursuing them. Therefore, an individual's ability to value a specific outcome may very often depend on the possibility of acting together with others within the same network who value similar things or outcomes, for instance, the benefits of using formal financial services to improve one's welfare. This concurs with Evans (2002) who found that organised collectivities such as unions, political parties, village councils, women's groups, are fundamental to individuals regarding life they have reason to value.

The results further indicated a significant positive relationship between subjective norms and financial inclusion (p<.001) therefore supporting hypothesis $\boldsymbol{H_2}$ that *there is a significant positive relationship between subjective norms and financial inclusion among individuals in Uganda*. The results infer that an individual's belief about what those significant to them. (For instance a spouse, family member, friends or supervisor thought about their choices and consequent behaviour) influencing their access and use of financial services. The findings in this study corroborate other empirical studies, for instance, the works of seminal economist, Akerlof (1980), who argued that subjective norms continue to exist because of the perceived loss of reputation to the individual intending to act from diverting from what the significant others perceive or think about the intended behaviour. In the same regard, Liu et al. (2014); Taib et al. (2008); Gopi and Ramayah, (2007), Azam and Lubna, (2013), Lean et al., (2009) found that there was a strong positive and significant influence between social norms with individual and financial market behaviour respectively. Therefore, an individual has to observe the financial practices of those significant people and the values they uphold regarding the use of formal financial services. This is in line with the theory of planned behaviour (Ajzen, 1991) which posits that different individuals and environments influence different actions, outcomes, responses and results which is commonly experienced especially in African societies like Uganda.

Testing for Mediation Effect of Financial Self-efficacy on Social Networks, Subjective Norms and Financial Inclusion

Bootstrapping was selected over other methods like Sobel tests and the causal steps approach to test for mediation mainly because despite the complex and existence of multiple paths within a model, its extrapolation is based on the indirect effect between the predictor and dependent variable respectively Preacher et al., (2007). Prior testing for mediation effects, the Baron and Kenny (1986) criteria for establishing existence of mediation were met as presented below, thus providing a basis for testing mediation hypotheses; There was a significant direct effect of social networks (β=.177 S.E=.065, p=.000), and subjective norms (β=.256; S.E=.083, p-value=.000) on financial inclusion.

a) There was a significant direct effect of social networks (β=.261; S.E=.052, p-value=.000) and subjective norms (β=.619, S.E=.062, p=.000), on financial self-efficacy.

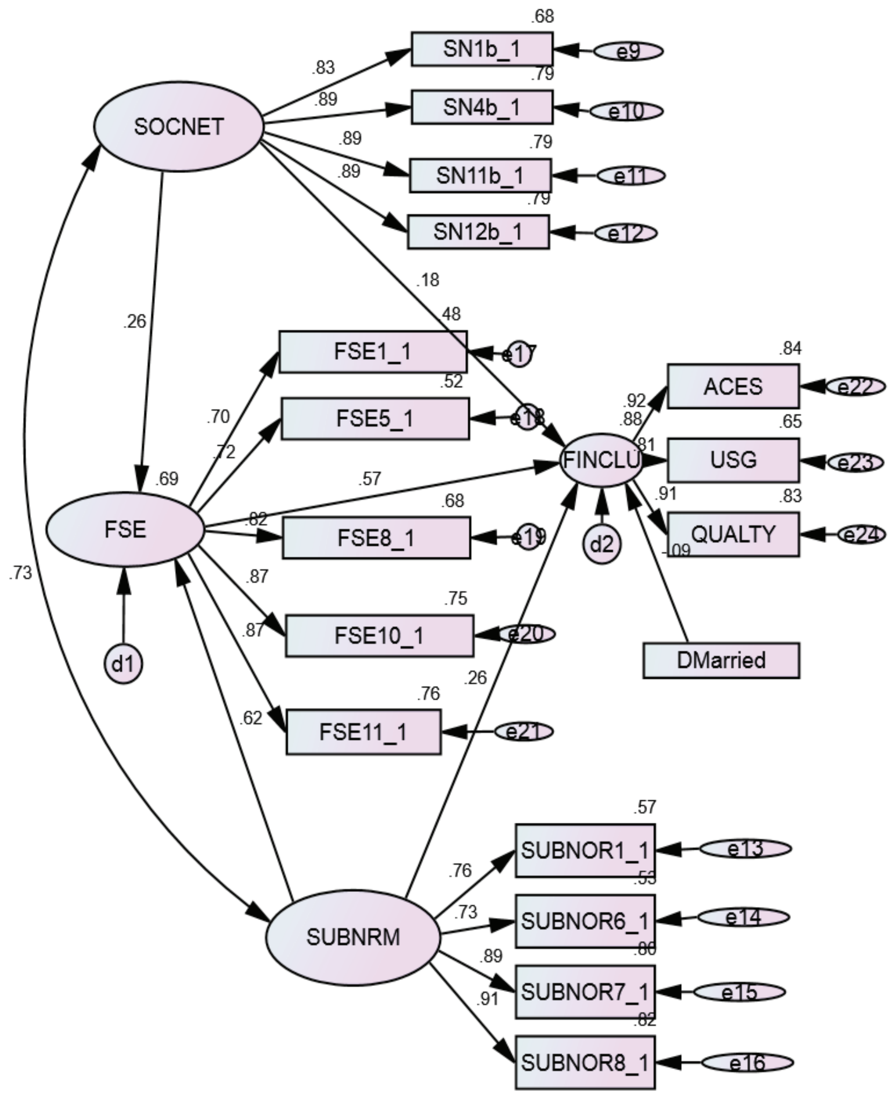
b) There was a significant direct effect of financial self-efficacy on financial inclusion (β=.570; S.E=.103, p=.000).

Results indicated that the effect of social networks and subjective norms increased when financial self-efficacy was introduced into the model.

Assessment of Direct and Indirect Mediation Effects of Financial self-efficacy

In this study, the bootstrap procedure provided by Preacher and Hayes, (2008), Preacher et al., (2007) was used to test significance of the mediation using the direct and indirect mediation effects in the following hypotheses: ***H_4:*** *Financial self-efficacy mediates the relationship between social networks and financial inclusion,* ***H_5:*** *Financial self-efficacy mediates the relationship between subjective norms and financial inclusion.*

Following the assessment of the significance of the direct and indirect effects on financial inclusion, confirmation of the hypotheses on relationship and mediation was done. Analysis was performed using the maximum likelihood (ML) parametric bootstrap method with 2000 re-samples of 400 observations. Maximum likelihood method was selected in order to maximise the number of iterations to achieve better results. The analysis provided the average bootstrap estimates of the indirect and direct effects and 95% confidence intervals. This was done by determining the 2.5% lower bound values and 97.5% upper bound values in the distribution of the indirect effect estimates from each bootstrap sample.



Chi-square = 473.331,
Df = 113, p = .000
CMIN=473.331, CMIN/Df=4.189
GFI=.950, AGFI=.8914
NFI=.966, RFI =.952, IFI=.982, TLI=.975, CFI=.938
RMSEA=.052.

Figure 5:
Partial Mediation of Financial Self-efficacy on the Relationship between Social Networks, Subjective Norms and Financial Inclusion

Structural Equation Models generated from figure 5.

FINCLU=.18SOCNET+.26SUBNORM+.524..*Equation1*

FINCLU = .26SOCNET+.57FSE+.524 ....*Equation 2*

FINCLU = .62SUBNORM + .57FSE+.524..*Equation 3*

FSE= .26SOCNET+.62SUBNORM+.485...*Equation 4*

FINCLU = .18SOCNET+.26SUBNORM+.57FSE+.524...*Equation 5*

Where; SOCNET is Social Networks, SUBNORM is Subjective Norms, FSE is Financial self efficacy and FINCLU is Financial inclusion, .485 is error term on Financial self Efficacy and .524 is error term on Financial Inclusion.

Table VII: Bootstrap, Total, Direct and Indirect Effects for the Mediated Model

Standardized Total Effects			
	SUBNRM	**SOCNET**	**FSE**
FSE	.619***	.261***	-
FINCLU	.609***	.325***	.570**
Standardized Direct Effects			
FSE	.619***	.261***	-
FINCLU	.256***	.177*	.570***
Standardized Indirect Effects			
FSE	-	-	-
FINCLU	.353***	.149***	-

Source: Primary Data

The results in Table VII indicate significant mediation effect of financial self-efficacy between social networks, subjective norms and financial inclusion respectively. The results further show that: 15% and 35.3% increased effect of social networks and subjective norms respectively on financial inclusion through financial self-efficacy is indirect. Further, the direct effect of social networks and subjective norms on financial inclusion through financial self-efficacy is 18% and 26% respectively. Given the significant results ($p<.001$) presented in Figure 5, Table VII, it is inferred that financial self-efficacy partially mediates the relationship between social networks, subjective norms and financial inclusion. The results therefore provide support for hypotheses; ***H_4*: *Financial self-efficacy mediates the relationship between social networks and financial inclusion* and ***H_5*: *Financial self-efficacy mediates the relationship between subjective norms and financial inclusion.***

The findings in this study further indicate that the relationships between social network, subjective norms and financial inclusion is not solely a direct one. This however, does not mean that the importance of these capabilities should be ignored. Given that financial inclusion is associated with high levels of social networks and subjective norms, efforts should be made to ensure that individuals also develop and sustain high levels of confidence to partake of financial services. In this regard, we note that financial self-efficacy is an important capability in propelling these capabilities towards achieving financial inclusion among individuals.

Whereas the study results provide relatively new empirical evidence in the financial inclusion literature, results are consistent with Zhao et al. (2005a) who found that the effects of perceived learning and risk propensity on entrepreneurial intentions were mediated by self-efficacy. Similarly, Maciejewski et al. (2000),Wood et al. (1987), Hejazi et al. (2009) found that self-efficacy had a partial influential mediation effect on individuals' behaviour in the academic context.

Conclusion and implications

This study established the importance of financial self efficacy as a partial mediator of social networks and subjective norms as attributes of societal capabilities to explain financial inclusion among individuals in Uganda. This implies that part of the effect is carried on to financial inclusion indirectly through financial self-efficacy. Nonetheless, the importance of social networks and subjective norms should not be ignored because these factors also directly influence financial inclusion despite the presence of the indirect effect by FSE.

The study emphasised the power of the additive effect of financial self-efficacy, which boosts the level of confidence to undertake the financial tasks/decisions in the relationships between social networks, subjective norms and financial inclusion respectively. Additionally, we can conclude that the study supported and built on the capability approach (theory) propositions that a set of capabilities, properly utilised can enable individuals' realisation of outcomes. This study concludes that the continuous interactions through meetings and other social activities, which are very common in Ugandan societies as well the values and influence of significant others influence individuals' financial behaviour and FI.

One of the key gaps in Sen's capability theory is the broad reference to a whole range of outcomes while focusing on just one element in a capability set. This study provides further theoretical contributions in terms of the mediation effects of financial self-efficacy in the relationship between social networks, subjective norms and financial inclusion respectively. From the social cognitive theory, social networks and theory of planned behavior perspective which posits a continuous reciprocal interaction of social and cognitive factors that influence the individual's accomplishment of an outcome, the study extends each theory independently from the interactive approach it adopted.

Policy makers and financial service providers should consider extending their expansion strategies to include group based community programmes especially in the rural areas where activities are more communal or network based or influenced by significant others in order to enable them become conceivably more bankable. The utilization of the social aspects of social networks and subjective norms will boost individuals' confidence to use formal financial services to improve their welfare.

There is limited literature on financial inclusion demand side studies specifically on social networks, subjective norms and financial self efficacy variables available specifically in the developing country context which limited the ability to compare the findings of this study to a certain extent. Given that the study was conducted in one country, it would require this study to be replicated in other countries because it has provided a valid foundation for further empirical research. The study adopted a cross sectional design which provides a snapshot at a particular time period. This would perhaps improve if a longitudinal study or randomised control trials (RCTs) were undertaken over a long term. The study was mainly assessed using both potential and actual consumers of financial services collectively. However, if separately assessed, possibly there would be a variation in perceptions or behavioural responses towards financial inclusion.

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Organizational Trust, Collectivism and Goal Congruence

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Abstract

Purpose: The study addresses the building blocks of goal congruence among local governments by presenting a conceptual **study** on the impact of collectivism on the organizational trust - goal congruence relationship.
Methodology: We apply structural equation modeling (AMOS) to **test** the hypotheses.
Findings: The study finds that organisational trust and collectivism are positively and significantly associated. The study also finds that collectivism is positively correlated with goal congruence. The study did not find a direct significant association between organizational trust and goal congruence, except through collectivism.
Implications: This study demonstrates that organizational trust on its own may not influence goal congruence among local government except through collectivism.
Originality: The results provide initial evidence that enrich stewardship studies by confirming that variations in organizational trust enhance collectivism for goal congruence in the delivery of public services.
Keywords: Collectivism, Goal Congruence, Local Government, Organization Trust, Public Sector, Service Delivery

Introduction

In a dynamic business environment, organisations strategically pursue multiple goals in order to survive. Hence organisations are increasingly attaching greater emphasis to goal congruence (Wood & Michalisin, 2010) as a way to achieve their goals. Extant literature indicates that goal congruence helps organizations to reduce administrative and supervisory costs, enjoy outcomes of collective responsibility and achieve targeted goals (Cohen & March, 2010; Powell & Yalcin, 2010). Powell and Yalcin further argue that goal congruence helps organisations to share workplace interests and greater performance achievement. Furthermore, literature indicates that goal congruence helps organizations to enjoy outcomes of collective responsibility (Cohen & March, 2010).

Goal congruence has become imperative for local governments if they are to achieve their targets (Golooba-Mutebi, 2005). In Uganda the local governments to date have not fully realized their mandated goals and functions despite technical, financial and administrative support from central government (Office of the Auditor General-OAG Report, 2012). The local government continues to suffer from an unclear mechanism for goal harmonization between politicians, government bureaucrats and technocrats (Golooba-Mutebi, 2005).

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Multiple constituents, divergent and competing interests of politicians and technical staff work to stifle goal priorities which paralyse service delivery (Kakumba, 2010). This gesture has resulted into failure on the part of the local governments to effectively manage their mandate (OAG Report, 2012). Relentless conflicts and disputes paralyse performance causing public distrust and dissatisfaction with government. Consequently, these inconsistencies have eroded the local public service's main aim of achieving targeted goals (Cohen & March, 2010) such as infrastructure development, medical facilitation and provision of adequate education services. As a result, delivery of cost-effective quality services in a dynamic environment becomes unattainable (Kagaari, Munene and Ntayi, 2010). Despite its importance, there appears to be lack of a systematic frame-work for achieving goal congruence (Locke & Latham, 2009) as is evidenced in the public service sector. The key question, though, is why some local governments are not achieving goal congruence?

The question has been answered partially by development of trust which has been proven by some researchers such as Wood and Michalisin (2010) to improve goal congruence in developed countries. According to Wood and Michalisin, there is necessity for individuals within the organization to trust each other if they are to achieve goal congruence. However, research conducted to assess what stakeholder behaviour such as trust helps to build goal congruence in the public service is limited; yet the public's expectations of public service acting congruently in the pursuit of its goals is on the increase (Billsberry, 2010). However, there are a few studies that link organizational trust and goal congruence (Kagaari et al., 2010; Golooba-Mutebi, 2005) that have been carried out in developing countries. Various scholars have examined organizational trust as one party's instinctive unquestioning belief in and reliance upon another party that what the other party will decide will be in favour of the first party (Ba & Pavlou, 2002). As Bachmann and Inkpen (2011) and Caldwell and Karri (2005) indicate, effective organizational trust may lead to a better goal congruence through certain innovations. Such innovations local governments may consider include the collectivism.

Collectivism is the collective responsibility, team work and shared efforts to create synergy and environment where employees participate in major decisions and activities and plans designed for overall success of the organisations (Gómez, Kirkman & Shapiro, 2000) that local governments can use for deciding what to center on in order to improve goal congruence and make it yield results. This means that in order for goals to be achieved employees should be involved in many work processes; they should also participate and should be given opportunity to support goals. These studies by Gómez, Kirkman and Shapiro (2000) have unreservedly argued that collectivism contributes to achievement of goal congruence. The importance of collectivism has been articulated by Kakumba (2010) with a focal point on the private sector where the researchers use the term collectivism to suggest that successful organizations have applied collectivism to predict unity of command.

Despite the contribution of various studies, the extent to which collectivism mediates the relationship between organizational trust and goal congruence remains indistinct (Wood & Michalisin, 2010), especially in the local government sector of Uganda. Consequently, the study examined the mediating effect of collectivism on the organizational trust – goal congruence relationship. We aim to contribute one explanation of how collectivism transmits the effect of organizational trust into goal congruence. In undertaking this study we aimed to contribute the following;

- To enable scholars and practitioners to have a more definite and direct understanding of the implication of collectivism in the association between organizational trust and public service sector goal congruence.
- To adduce, more explanation for an outcome as to how collectivism transmits the effect of organizational trust to public-service-sector goal congruence.

This paper is organized in four sections. The first section was the brief overview of the research and contribution of the study. The second section is the literature review on previous studies on organizational trust, collectivism and goal congruence and hypothesis development. The third section presents the methodology. The fourth section concentrates on results discussion, conclusion, implications, limitations and suggestions for further research.

Literature review

Organizational trust and goal congruence

According to Ba and Pavlou (2002), trust is the subjective assessment of one party that another party will perform a particular transaction according to his or her confident expectations, in an environment characterized by uncertainty. Studies have shown that high - trust organizations outperform low – trust organizations (Dirks & Ferrin, 2001). Similarly, these findings are supported by other scholars who suggest that high - trust organizations earn more than four times the returns of the broader market than low-trust organizations (Schoorman *et al*., 2007). According to Raab (1998), trust helps reduce complexity and gain efficiencies in public sector administration. Tyler (1998) argues that trust allows governments to benefit from the voluntary compliance of citizens rather than through more resource costly mechanisms of coercion and control. Without trust, citizens may withdraw voluntary compliance of public demands and regulations, or even actively resist public policy (Levi, 1998, Nye et al., 1997) making the public service incapable of performing the tasks required of it (Nye et al., 1997) hence failure to fulfill common goals. The level of trust within an organization is often positively associated with the level of goal congruence (Dirks & Ferrin, 2001; Schoorman, Mayer, & Davis, 2007). Organizations become effective moreso when they depict fulfillment of the common goal (Schoorman et al., 2007). Organizations that exhibit high-trust reap in terms of increased value, accelerated growth, enhanced innovation, improved collaboration, stronger partnering, better execution and heightened loyalty and achievement of mutual goals (Schoorman et al., 2007). We hence hypothesize as follows:
H_1*: *Organizational trust is positively associated with goal congruence

Organizational trust, collectivism and goal congruence

According to Locke and Latham (2002) trust is not merely an attitude held by the leader or the follower toward another; rather it exists in the parties' relationship. A dynamic perspective of trust is posited in the stewardship model (Hernandez, 2012) where ongoing experiences can escalate interdependence; attachments based on reciprocated interpersonal care and concern (McAllister, 1995) as well as potentially change negative beliefs (Jensen & Meckling, 1976). So, the implementation of organizational trust practices helps to achieve goal collectivistic tendencies (Gómez et al., 2000).

This requires paying attention to employee collective tendencies that improve the team working between the employers and employees (O'Relly, Chatman & Caldwell, 1991). O'Relly et al. (1991) argue that these tendencies include task participation, team spirit and social support. Additionally, Adsit, London, Crom and Jones (1996) argue that those managers who encourage trust tend to yield higher levels of collective participation in their departments. Jaramillo, Mulki and Locander (2006) provided information that it may be difficult for organizations to achieve goal congruence without considering collectivistic tendencies.

The implementation of organizational trust practices not only helps to achieve goal collectivistic tendencies (Gómez et al., 2000), but also goal congruence framed as organizational goals, individual goals and team goals (O'Relly et al., 1991). In addition, Adsit et al. (1996)

argue that where collective participation is promoted, there is the tendency for employees to align their goals with those of the organizations hence achieve high performance. Furthermore, Manz (1992) found out that setting team goals either too high or too low can have adverse effects on employee satisfaction; which is a cornerstone for achieving goal congruence.

O'Relly et al., (1991) argue that people with high trust generally exhibit specific behaviours including team spirit and social support. Laszlo, Johnson, Hoskisson and Hitt (2003) found that there was a significant positive relationship between concern for and trust in employees and team spirit. This concern tended to yield tendencies of members often helping each other whenever necessity arose.

Also Smith (2010b), found out that organizational endeavours to improve employee's trust often influenced how employees collectively perceived the support they received from their leaders; which eventually turned into working to achieve a common goal. Research has shown that employees' perception of trust at work such as that from coworker, supervisor and organisation has an influence on employee work behaviour particularly through the reciprocity process (Barbuto & Hayden, 2011) including collective effort (Chelte & Tausky, 1986). A number of studies have also suggested and indicated that organizational trust practices (openness and employee concern) make significant and positive contributions to collective task participation (Laszlo et al., 2003). Also Schoorman *et al.* (2007) has linked high - trust organizations to achievement of collective goals. They argue that such organizations earn more than four times the returns of the broader market than low-trust organizations; therefore implying that a link could exist between trust, collectivistic tendencies and goal congruence.

Ha, Park and Cho (2011) argue that affective trust has a significant influence on collaboration in information sharing and benefit/risk sharing, whereas trust in competency affects collaboration in joint decision making and benefit/risk sharing. Benefit sharing implies that there is competitive advantage yet Schoorman et al. (2007) have linked organizational trust to having an advantage in business competiveness. This may imply that organizational trust which improves collectivistic actions may lead to goal congruence. Furthermore, trust building is essential to develop competitive advantages (Gentry, 1996; Jap, 2001).

According to Child (2001) and Lewicki and Bunker (1996) trust is an essential constituent for developing global collaboration. Locke and Latham (2002) argue that goals are both outcomes to attain standards for judging one's accomplishments. For instance, Locke and Latham (2009) found that people are more satisfied when they attain their goals or make meaningful progress towards them than when they fail, make little or no progress. Hence according to Locke and Latham (2002), there is a need to investigate goal-setting procedures and generalisation in the achievement of goal congruence. This is more crucial in the public sector where empirical evidence on goal congruence is inconclusive (Verbeeten, 2008). From the literature, it was hypothesised that:

***H*$_2$*: Organizational trust has a positive relationship with collectivism.*

***H*$_3$*. Collectivism has a positive relationship with goal congruence.*

***H*$_4$*. Collectivism mediates the relationship between organizational trust and goal congruence.*

Methodology

Research design

The study adopted a cross-sectional survey design. We undertook a survey of a large scale and comprehensive survey of employees examining organizational trust, collectivism and goal congruence in selected district local governments (LGs) in Uganda in 2014. We used a structured questionnaire to obtain the respondent's attitude on the study variables.

Population, sample size and Sampling procedure

The employees formed the unit of analysis. The study population was 1,595 employees in 55 selected district local governments in Uganda (Ministry of Local Government Report, 2014). Uganda has a total of 112 district local governments. Each district local government has two committees; the technical and planning committee (22 members) and the administrative committee (7 members). In this study, 1,210 formed the population for the technical committees while 385 formed the population for the administrative committees. In this survey we sought 95 percent confidence level and computed a sample of size of 310 (Kreijcie & Morgan, 1970). To get the actual respondents, the researchers used proportional simple random sampling. Proportionately the sample size was 235 respondents from the technical and administrative committee and 75 from the administrative committee members. Out of 310 employees, 225 usable questionnaires were obtained giving a response rate of 72.6 percent.

Measurement of variables

Organizational trust was measured in terms of openness, benevolence, acceptance and employee concern (Dyer & Chu, 2000; Joshi & Stump, 1999; Faust & Svensson, 2001; Laszlo et al., 2003). A sample item for this scale was *"My organization has concern for its employees"*. Collectivism was measured in terms of task participation, team spirit and social support (O'Relly et al., 1991). A sample item for this scale was *"Employees identify themselves as members of this organization"*. Goal congruence was measured in terms of organizational goals, individual goals and team goals (Jensen & Meckling, 1976). An example of a sample item in this scale was "*Goals of this organization are similar to my own goals*". The questionnaire was anchored on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Control of common methods Bias(CMB) & Control of common methods Variances(CMV)

CMB is a problem in cross-sectional data. The researchers tried to address this trend by using methodological separation of measurement variables and protecting respondent anonymity (Podsakoff, MacKenzie & Podsakoff, 2003). The researchers also applied the marker variable approach as a post hoc statistical technique (Richardson, Simmering & Sturman, 2009; Lindell & Whitney, 2001) to detect CMB. Using recapitalization as an ideal marker, the resulting "corrected" correlations became closer approximations to true relationships than were the uncorrected correlations; implying that common methods variance (CMV) present in this data set was insufficient to bias results (Choi & Chen, 2007). The challenge with this approach is that even though multiple statistical detection and correction techniques have been proposed and used in published work, there is no systematic empirical evidence regarding their accuracy. However, the strengths of the approach is that a marker variable should be theoretically unrelated to one of the substantive variables, any observed correlation between the two cannot be due to a true relationship and, thus, must be due to something else the variables have in common (i.e., CMV).

Exploratory factor analysis

The Exploratory Factor Analysis (EFA) performed to identify patterns in data and to reduce data to a manageable level (Field, 2006) yielded acceptable Content Validity Indices of above 0.86 (Bartlett, Kotrlik & Higgins, 2001). The analysis produced two factors for organizational trust i.e. openness and employee concern. They both accounted for **62.522** percent of variance in organizational trust **(Table 1). EFA dropped the factors benevolence and acceptance.** Furthermore, the analysis yielded two factors for collectivism namely task participation and team spirit. These two factors explained 62.034 percent of variance in collectivism (Table 2). EFA dropped the factor social support. Furthermore, EFA for goal congruence yielded three factors namely; organizational goals, individual goals and team goals. All the three factors were retained (Table 3). The three factors accounted for 65.614 percent of the variance in goal congruence.

Table I: Rotated Component Matrix for Organisational Trust

	Component	
	Openness	**Employee Concern**
OGT2_1: In my organization there is openness at all levels	.858	
OGT3_1: If my manager does something which is not permitted, someone in the organisation will get to know	.746	
OGT5_1: At the district adequate checks are always carried out in case of unethical behaviours	.658	
OGT1_1: If I criticize other peoples behaviour, I will receive feedback on any action taken	.648	
OGT6_1: My organization has concern for its employees		.807
OGT7_1: This district has established a long tradition of employee integrity		.779
OGT8_1: There are clear mechanisms of communication at the district		.732
Total	**2.315**	**2.062**
%ge of variance	**33.068**	**29.454**
Cumulative %	**33.068**	**62.522**
KMO	**.785**	
Chi-Square	**444.983**	
df	**21**	
Sig.	**.000**	
Determinant	**.133**	

Table II: Rotated Component Matrix for Collectivism

	Component	
	Task Participation	**Team Spirit**
CLV1_1: Employees identify themselves as members of this organization	.798	
CLV2_1: I am deeply involved tasks of this organization	.766	
CLV3_1: I prefer to work within the others in a group rather than working alone	.741	
CLV4_1: I am the kind of person who often supports others	.672	
CLV6_1: I can rely on my fellow employees to support me in difficult times		.805
CLV5_1: Team members often help each other when there is need		.769
Total	**2.262**	**1.460**
%ge of variance	**37.704**	**24.330**
Cumulative %	**37.704**	**62.034**
KMO	**.791**	
Chi-Square	**288.975**	
df	**15**	
Sig.	**.000**	
Determinant	**.271**	

Table III: Rotated Component Matrix for Goal Congruence

	Component		
	Organi-zational Goals	**Individual Goals**	**Managerial Goals**
GC2_1: Achieving this organization's goals also means attaining my personal goals	.763		
GC1_1: The goals of this organisation are similar to my work-related aspirations	.741		
GC4_1: My supervisor's work-related goals are fully aligned with mine	.732		
GC3_1: I feel a sense of loyalty to this organization	.728		
GC5_1: My supervisor and I think alike on most issues with respect to the organization	.604		
GC8_1: Goals of this organization are similar to my own goals		.816	
GC6_1: My personal goals are compatible with this district goals		.803	
GC10_1: My supervisor and I have a similar vision regarding how things should be done in the district			.844
GC9_1: My supervisor and I are enthusiastic about pursuing the same goals for the district			.622
GC7-1: My supervisor's work-related goals are fully aligned with mine			.557
Total	**2.964**	**1.823**	**1.774**
%ge of variance	**29.644**	**18.228**	**17.742**
Cumulative %	**29.644**	**47.872**	**65.614**
KMO	**.883**		
Chi-Square	**837.108**		
df	**45**		
Sig.	**.000**		
Determinant	**.022**		

Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM)

We followed guidelines by Anderson and Gerbing (1988) to construct the CFA and SEM Models. We used only those dimensions and respective items that were retained by EFA (using SPSS) for each of the variables (organizational trust, collectivism & goal congruence) to carry out a CFA using Analysis of Moment Structures (AMOS) version 22. Indeed CFA threw out some items that had been retained by EFA for the model to fit. Out of the 7 items, organizational trust retained 2; of the 7 items goal congruence retained 3 while all the 5 items for collectivism were retained. The measurement model yielded acceptable fit indices i.e. x^2=42.50, df=32, p=0.102, x^2/df=1.33, GFI=0.96, AGFI=0.94, NFI=0.96, TLI=0.99 and RMSEA=0.04 AVE=0.574 (Hu & Bentler, 1999) (Fig. 1).

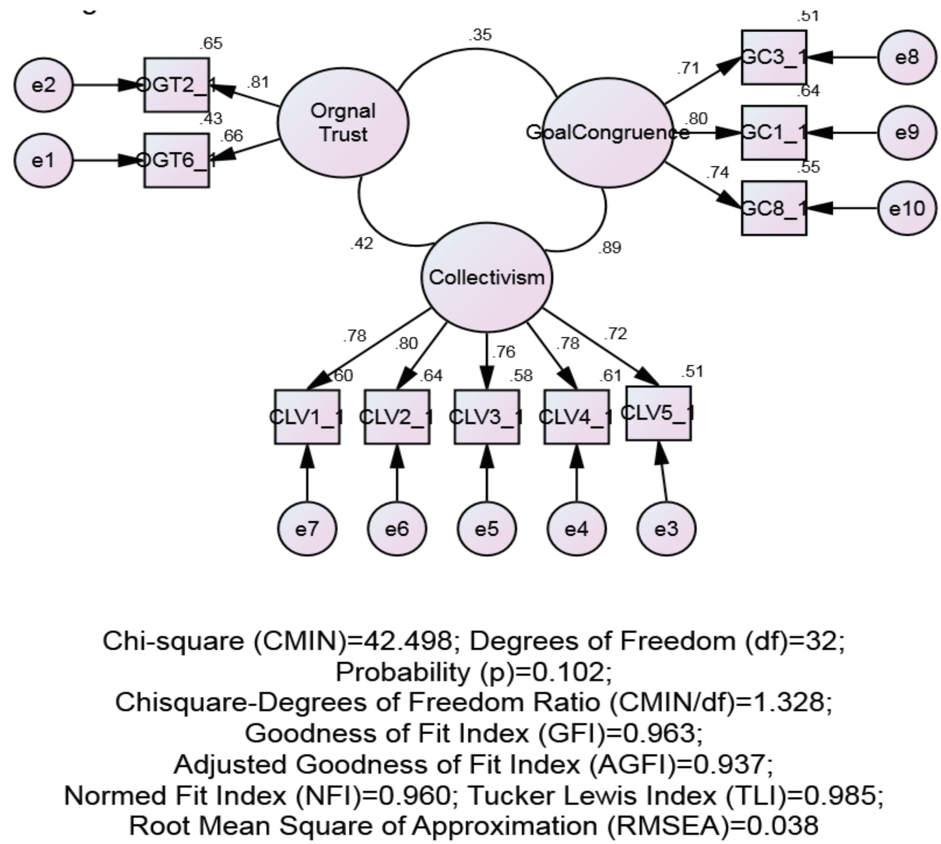

Fig 1:
CFA Model for Organisation Trust, Collection & Goal Congruence

Validity and reliability

The NFI (> 0.95) results indicate acceptable convergent validity while the average variance extracted [AVE] (>0.5) indicates acceptable discriminant validity (Brown & White, 2009) **(Fig. 1).** The findings confirmed the validity of the final model with excellent model fit statistics for this construct measure as reported above. The composite reliability for all variables under study is greater than .70 (Table 1), which is within the acceptable level (Bartlett et al., 2001). For discriminant validity, the results indicate that the construct's reliability were greater than the correlation coefficients **(Table 4),** thus indicating the measurement scales' ability to discriminate between measures that are supposed to be distinct (Gaski, 1984; Hair, Anderson, Tatham & Black, 2010). Furthermore, the AVE (0.574) **(Fig. 1)** was greater than all corresponding construct correlations **(Tables 4),** thus providing additional evidence of discriminant validity of the constructs.

Respondents' profile

More than half (76.4%) of respondents were male. The female gender accounted for 23.6% of the respondent population. 57.8% of the respondents were in their middle age (i.e. 29-49 years) indicating that the majority of employees in the districts are of middle age. 77.3% of the employees held either a diploma or a degree. Overall, 62.7% of the employees had worked with the districts for between 4 to 6 years.

Descriptive Statistics

From results of table 2 below, all mean scores for the items range from 3.19 to 3.68 (show the goodness of fit of the data) with the standard deviations from 0.94 to 1.29 (indicate the extent to which the means represent the data) (Field, 2009). Because of the small standard deviations compared to mean values, it is clear that the data points are close to the means and hence calculated means highly represented the observed data (Field, 2009; Saunders, Lewis & Thornhill, 2006). Furthermore, the aggregate means range from 2.87 to 3.55 while the standard deviations range from .57 to .83. This is in line with Field (2009), who asserts that small standard deviations relative to the mean values indicate that the data points are close to the means which is a manifestation that the mean represents the data observed.

Table IV: Inter-correlations

	1	2	3
Organizational Trust (1)	.78		
Collectivism (2)	.365**	***.87***	
Goal Congruence (3)	.424**	.356**	***.83***

***. Correlation is significant at the 0.01 level (2-tailed)*
Note*: The diagonals display the reliabilities*

Given the fact that CFA is a higher order statistical analysis, we did not go back to use EFA results, to construct a SEM. We proceeded to use CFA results to construct a SEM to test our hypotheses (Fig. 2). The model yielded acceptable fit indices (Hu & Bentler, 1999) implying that the model fit the data acceptably.

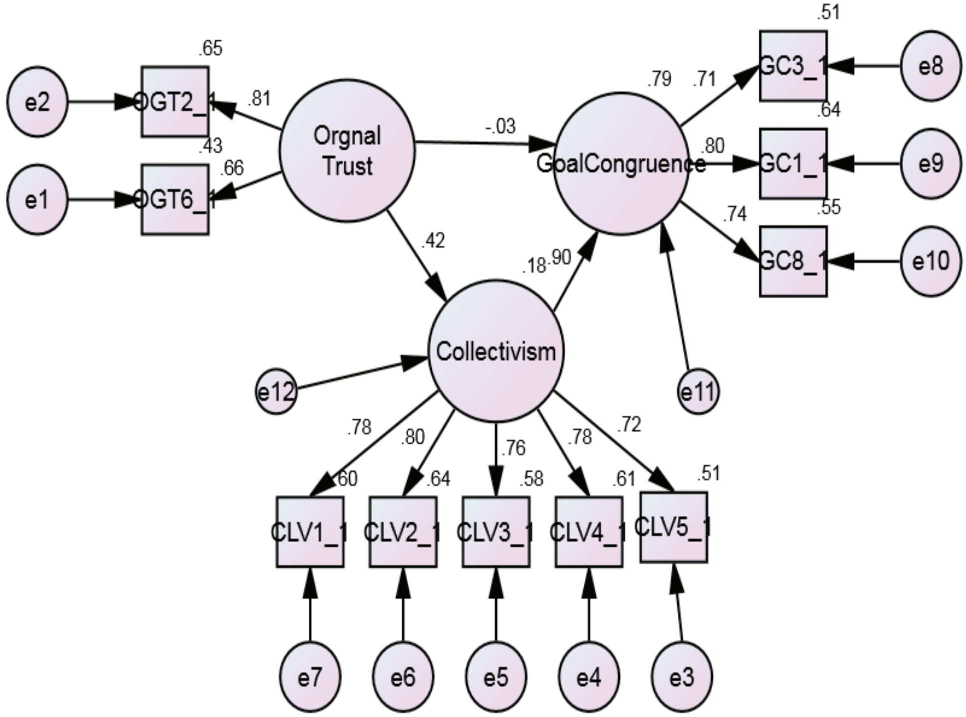

Fig 2: SEM for Organisation Trust, Collectivism & Goal Congruence

Chi-square (CMIN)=42.498; Degrees of Freedom (df)=32;
Probability (p)=0.102;
Chisquare-Degrees of Freedom Ratio (CMIN/df)=1.328;
Goodness of Fit Index (GFI)=0.963;
Adjusted Goodness of Fit Index (AGFI)=0.937;
Normed Fit Index (NFI)=0.960; Tucker Lewis Index (TLI)=0.985;
Root Mean Square of Approximation (RMSEA)=0.038

Results and Discussion

Variables	Mean	Std. Deviation
Organizational trust		
My organization has concern for its employees	3.68	.914
In my organization there is openness at all levels	3.48	.835
Aggregate mean and SD for Organizational trust	***2.87***	***.64***
Collectivism		
I am deeply involved in the tasks of this organization	3.26	1.093
I prefer to work with others in a group rather than working alone	3.45	.914
Employees identify themselves as members of this organization	3.28	1.006
Team members often help each other when there is need	3.32	1.232
I am the kind of person who often supports others	3.28	1.084
Aggregate mean and SD for collectivism	***3.55***	***.83***
Goal congruence		
Goals of this organization are similar to my own goals	3.45	1.296
I feel a sense of loyalty to this organization	3.19	1.015
The goals of this organisation are similar to my work-related aspirations	3.42	1.159
Aggregate mean and SD for goal congruence	***3.42***	***.57***

Table V: Descriptive Statistics

The results indicate that organizational trust was not significantly associated with goal congruence (β= -0.03, C.R. <1.96) (Table 6). This implies that among local government employees, changes that occur in organizational trust may not be associated with changes that occur in goal congruence. These findings do not support hypothesis 1. As for this study, the relationship between organizational trust and goal congruence is not significant, inspite of the correlational results indicating a significant relationship ($r= 0.35$; $p < 0.01$). Scholars such as Field (2009) state that in an attempt to establish whether hypotheses have been supported or rejected, researchers should rely on regression analysis results rather than correlation. The regression results suggest that organizational trust in the presence of the collectivism is not be significantly related to goal congruence. Incidentally collectivism is a significant predictor of goal congruence. This implies that in the local government sector, organizational trust is important only if collectivism is exhibited based on the subjective assessment of one party that another party will perform a particular transaction according to his or her confident expectations, in an environment characterized by uncertainty.

Table VI: Regression coefficients for the hypothesized paths

			Unstandardized Estimate	S.E.	C.R.	P	Label	Standardized Estimate
Collectivism	<---	Org'nal_Trust	.37	.10	3.87	***	par_9	.42
Goal Congruence	<---	Org'nal_Trust	-.03	.07	-.44	.66	par_8	-.03
Goal_Congruence	<---	Collectivism	.92	.11	8.72	***	par_10	.90
GC3_1	<---	Goal_Congruence	1.00					.71
GC1_1	<---	Goal_Congruence	1.43	.13	10.84	***	par_1	.80
GC8_1	<---	Goal_Congruence	1.18	.12	9.88	***	par_2	.74
CLV5_1	<---	Collectivism	1.00					.72
CLV4_1	<---	Collectivism	1.20	.11	11.10	***	par_3	.78
CLV3_1	<---	Collectivism	1.26	.12	10.84	***	par_4	.76
CLV2_1	<---	Collectivism	1.51	.13	11.31	***	par_5	.80
CLV1_1	<---	Collectivism	1.29	.12	10.95	***	par_6	.78
OGT2_1	<---	Org'nal_Trust	1.00					.81
OGT6_1	<---	Org'nal_Trust	.75	.18	4.27	***	par_7	.66

*SE, standard error; CR, critical ratio, P, Probability, *** P< 0.001*

The results indicate that a significant and positive association exists between organizational trust and collectivism (β =0.42, C.R. >1.96). This shows that variations that occur in organisational trust lead to variations in collectivism of employees in local governments. These findings lend support to hypothesis 2. As such, our research supports earlier organizational scholars' claims that institutional trust can serve as a foundation for the development of institution-based interpersonal (Rousseau, 2001) and inter-organisational trust (Bachmann & Inkpen, 2011) that result into employee cohesion. When the public service executive committees show concern for their employees there is a likelihood that employees will collectively get deeply involved in tasks of their organization. The study demonstrates that for public servants to rely on their fellow employees to support them in difficult times there is necessity for local government officials to create an element of trust in terms of showing concern for them. Similarly for employees to identify themselves as members of the organization and hence work together as a team, the public service must not only show concern for employees but also be open in their daily endeavours. Openness at all levels will increase the practice for team members to often help each other whenever there is need. This will also result into social support at all times.

In $\boldsymbol{H_3}$, the results indicate that collectivism was positively and significantly related to goal congruence (β =0.90, C.R. >1.96) (Table 6). This means that changes that occur in collectivism may be associated with changes that occur in goal congruence of employees in local governments. The results lend support to hypothesis 3. This shows that if variations are introduced in collectivism, they may be related to changes that occur in goal congruence. This finding is in line with earlier scholars such as Beekun, Stedham and Yamamura (2003) who argued that the pursuit of common goal is related to collectivism since it is characteristic of the common good of the group. The findings also support Gomez et al. (2000) who found that collectivism had a positive relationship with the evaluation toward goal achievement. Local governments can therefore rely on changes created in employee collectivism to introduce changes in goal congruence. Therefore the practice for employees getting deeply involved in tasks of their organization creates the perception that goals of this organization are similar to employee own goals among workers in local governments hence work towards them. This study demonstrates that for public servants to feel a sense of loyalty to their organization there is necessity for employees to support each other in difficult times. Similarly when public service employees identify themselves as a team, the goals of the public service and those of the individual are fulfilled. The practice for team members to often help each other when there is need will not only create a feeling of a sense of loyalty to the public service but also elicit the feeling that team concerns are addressed. From this study we also learn that local governments can rely on providing changes in social support to public service employees in order for the employees to perceive a sense of feeling that the public service addresses team concerns, hence portray elements of loyalty to the public service.

In $H_{4,}$ the researchers sought to establish whether collectivism mediates the organizational trust – goal congruence relationship. In table 7 we gather that the total effect of both organizational trust and collectivism on goal congruence was positive and significant (β=.347, p>1.96). Furthermore, the direct effect of organizational trust on goal congruence was negative and insignificant (β= -0.31, p<1.96); while the indirect effect was positive and significant (β=.377, p>1.96). The results show that the total effect of the exogenous variables on to the endogenous variable was different from the direct effect indicating presence of mediation. Since with the introduction of collectivism in the association between organizational trust and goal congruence, organizational trust lost all its predictive potential on goal congruence (B= -0.03, C.R. <1.96) and became insignificant; then the implication is that a full mediation effect exists.

Table 7:
Mediation results

		Organizational Trust	Collectivism	Goal Congruence
Standardized Total Effects	Collectivism	.419	.000	.000
	Goal Congruence	.347	.900	.000
Standardized Direct Effects	Collectivism	.419	.000	.000
	Goal Congruence	-.031	.900	.000
Standardized Indirect Effects	Collectivism	.000	.000	.000
	Goal Congruence	.377	.000	.000

This shows that collectivism takes all the variations that occur in organisational trust and transmits them into variations in goal congruence in the service delivery of local governments. These findings lend support to hypothesis 4. The results show that the role of organizational trust is significant in predicting goal congruence through collectivism in the delivery of public services in local governments in Uganda. These results are in line with the works of Schoorman *et al*. (2007) who linked high - trust organizations to collectivism in order to achieve goal congruence. Therefore, organizational trust may influence goal congruence through collectivism in the public service delivery in local governments in Uganda. This implies that collectivism is critical to building organizational trust for goal congruence in the public service. It is hence strongly argued that the public service needs to create variations in collectivism on the reliance of organizational trust in order to improve goal congruence. This creation of collectivism should be built on the appreciation of the differing organizational trust elements such as concern for employees and openness that impact goal congruence. This research's findings therefore posit that collectivism take the inputs from organizational trust and translates them into goal congruence; meaning that the process of collectivism (deep involvement in tasks, reliance on support to and from fellow employees) translates organizational trust (openness and concern for each other) into goal congruence. In this study the results imply that for organizational trust to have an effect on goal congruence, you need collectivism so that organizational trust becomes more effective in predicting goal congruence. If the public service engages into organizational trust, then collectivism will strengthen the bond between stakeholders which could result into achievement of collective goals.

Theoretical implications

These results address the gaps in previous research from public service that argue that the success of planned strategies and programmes is eluded by lack of a systematic frame-work for achieving goal congruence (Locke & Latham, 2009). The results of this study provide theoretical evidence of the link between organizational trust and collectivism, collectivism and goal congruence and the mediation effect of collectivism on the organizational trust – goal congruence relationship. The study contributes to our understanding of the stewardship theory (Hernandez, 2012). In emphasizing the element of organizational trust, the study takes further the stewardship theory by demonstrating an ethical culture (Laszlo et al., 2003) that balances the interests of multiple constituents (Wright & Cropanzano, 2004). In employees of local government acting collectively, the stewardship theory's assumption that key organizational players surrender personal goals and interests for the sake of common work place interests and collective good for a greater number of stakeholders is demonstrated (Hernandez, 2012). The study addresses the concerns within the stewardship theory (Meek, et al **Davis-Sramek, Baucus & Germain,** 2011) by exalting the role of collectivism in the association between organizational trust and goal congruence. The study provides empirical evidence of the link between organizational trust and goal congruence through collectivism in a comprehensive model which has not been previously covered in literature. The study also extends knowledge in a new context by testing this model in a developing country's local government sector where limited empirical work has been undertaken to identify factors that enhance goal congruence.

Conclusion

This study looked at the mediating consequence of collectivism in the organizational trust - goal congruence relationship. The results of this study disclose some lessons that contribute to the discourse on organizational trust and endogenous variables such as collectivism and goal congruence. An important learning point is that in the absence of collectivistic tendencies, local governments in Uganda may not build goal congruence. Second, is that without collectivistic tendencies, organizational trust among local governments in Uganda may not build the perception that goals of their organizations are similar to employee own goals hence work towards them. An additional learning point is that organizational trust remains a significant factor for collectivism to influence certain outcomes such as goal congruence; because there is necessity for trust in order to build collectivisim such that individuals work collectively. Overall, we find that organizational trust alone does not directly influence goal congruence except through collectivism. The major contribution of this study is the proof that collectivism is a powerful mediator in the organizational trust – goal congruence relationship. As such, local governments in Uganda experience incongruence in their work, to some extent due to limitations in working collectively and lack of trust.

Managerial implications

The results suggest that public service employers need to create a sense of trust among employees if they (employees) are to act collectively. In line with our prediction, collectivism emerged as a predictor of goal congruence suggesting that enhancing collectivism should be a focus for local government managers, as this leads to goal congruence. There is, therefore, a need for public service employers to introduce appropriate mechanisms for building collective thinking and working in order for employees to exhibit goal congruence tendencies. Furthermore, public service employers need to carry out organizational trust and collectivism audits in a bid to determine organizational trust and collectivism return on investment. This may help local governments and other organizations to measure the value addition of organizational trust and collectivism activities in the local government. Lastly, local governments in Uganda should guard against initiating avenues to build trust only hoping to enhance goal congruence, because as results indicated this won't be achieved without promoting collectivistic tendencies.

Policy implications

One of the practical implications of this study is that leaders in local governments should enhance goal congruence by designing effective programmes that build trust within the organization. The government can design a policy that requires all local governments to provide conducive environments for employee trust. Such policy should provide guidelines on how to create excellent interpersonal relations between employees and employers. Furthermore, there is need for a national goal congruence policy that is geared towards promoting goal congruence practices among stakeholders. Such policy should guide the identification and elimination of obstacles to achievement of goal congruence. The goal congruence policy should encourage all local governments and other organizations to design and operationalise goal congruence enhancing practices. At the local government or organizational level, policies that provide avenues for employee exhibition of goal congruence practices should be designed and operationalised. The goal congruence policy should consider collectivism as a critical resource for local governments and organizations to achieve common goals and as such provide for enhancement of organizational trust and collectivism. In terms of human resource management, officials in the local government and other organizations can measure the level of goal congruence based on enhancement of organizational trust and collectivism practices. For instance they can design, execute and evaluate goal congruence programmes which may have objectives such as enhancing organizational trust and collectivism. Such objectives can be used to determine the level of goal congruence.

Limitations and recommendations for future research

The findings of this study are subject to some limitations that provide the proposals for future research. One of the probable causes for the wide-ranging outcomes of the study is the methodology used for measuring goal congruence. Although the constructs have been defined as precisely as possible by drawing relevant literature and validated by practitioners, the measurements used may not perfectly represent all the dimensions.

The present study is cross-sectional; it is possible that the views held by individuals may change over the years. Future studies could use the same basic hypotheses, but implement the study in terms of a longitudinal rather than a cross-sectional design. The longitudinal study would need to correct changes in data relative to time element. Despite possible limitations of using single-period data, the results of the present study provide valuable insights into the effect of organizational trust on collectivism and collectivism on goal congruence in the delivery of services in local governments.

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Appendix

Results of CMV

Lindell and Whitney propose using the following equation to remove shared variance between the marker and other variables: rYi.M = (rYi – rS)/(1 – rS), where rYi.M is the partial correlation between Y and Xi controlling for CMV, rYi is the observed correlation between Y and Xi suspected of being contaminated by CMV, and rS is the smallest observed correlation between the marker variable and one of the substantive variables with which it is expected to be theoretically unrelated. The resulting "corrected"correlations should be closer approximations to true relationships than are the uncorrected correlations.

Table 8: Uncorrected correlations

	Organizational Trust	Collectivism	Goal Congruence	Recapitalization
Organizational Trust	1			
Collectivism	.284**	1		
Goal Congruence	.350**	.274**	1	
Recapitalization	-.035	-.128	-.044	1

**. Correlation is significant at the 0.01 level (2-tailed).

rYi.M = (rYi – rS)/(1 – rS)

OT and CLV

Partial Correlation = (0.284 _ - 0.128)/ (1+0.128)
= (0.284 + 0.128)/ (1+0.128)
=0.412/1.128
= 0.365

OT and GC

Partial Correlation = (0.350 _ - 0.128) / (1+0.128)
= (0.350 + 0.128) / (1+0.128)
=0.478/1.128
= 0.424

CLV and GC

Partial Correlation = (0.274 _ - 0.128) / (1+0.128)
= (0.274 + 0.128) / (1+0.128)
=0.402/1.128
= 0.356

Table 9: Resulting Corrected correlations

	1	2	3
Organizational Trust (1)	***.78***		
Collectivism (2)	.365**	***.87***	
Goal Congruence (3)	.424**	.356**	***.83***

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Corporate Social Responsibility Implementation: Lessons from Uganda

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Abstract

Purpose: This paper presents aspects of a Corporate Social Responsibility (CSR) Implementation Success Model to guide CSR engagements.

Design/methodology/approach: A qualitative case methodology is used to investigate two CSR companies in Uganda. Semi-structured interviews with managers and stakeholders are conducted. Data triangulation includes reviewing CSR reports and documents, and visiting communities and CSR activities/projects mentioned in the case companies' reports. Grounded theory guides the data analysis and aggregation.

Findings: The findings culminate into a "CSR Implementation Success Model." Key aspects of CSR implementation success are identified as: (i) involvement of stakeholders and management (i.e., co-production) at the start and during every stage of CSR implementation; (ii) management of challenges and conflicts arising within/outside of the company itself; and (iii) feedback management or performance assessment—i.e., accountability via CSR communications and reporting. Stakeholder involvement and feedback management (accountability) are pivotal, though all three must be considered equally.

Research limitations: The studied companies were large and well-established mature companies, so it is unclear whether newer companies and small and medium-sized enterprises would produce similar findings.

Practical implications: Successful CSR implementation starts with a common but strategic understanding of what CSR means to the company. However, CSR implementation should (i) yield benefits that are tangible, and (ii) have a sustainable development impact because these two aspects form implementation benchmarks. Additionally, top management should be involved in CSR implementation, but with clear reasons and means.

Originality/value: This paper unearths a CSR Implementation Success Model that amplifies views of "creating shared value" for sustainable development. It guides organizations towards strategic CSR, as opposed to the responsive CSR (returning profits to society) that largely dominates in developing countries. Additionally, it explains how to add value to the resource envelope lubricating the entire CSR implementation process

Keywords: CSR implementation, inclusivity, stakeholder engagement, The Future We Want, Sustainable Development Goals, Rio+20

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Introduction

Internationally, corporate social responsibility (CSR) implementation has become a topical development issue (Wickert, and Schaefer, 2015; Ki-Moon, 2014; Business Call to Action, 2013). That is, CSR implementation is rapidly gaining recognition as a strategic business-management intervention through which profit and nonprofit organizations can contribute to addressing various social, economic, and ecological challenges (The Millennium Development Goals Report, 2014; Ki-Moon, 2014; Katamba et al., 2014a, b; Carroll and Shabana, 2010; McIntosh, 2003; McIntosh et al., 1998). This traction is what literature (Epstein, 1989; Wood and Logsdon, 2001) has broadly referred to as practicing corporate citizenship (CC).The need for CSR implementation gained prominence at the UN General Assembly resolution 66/288 of July 2012 via the Rio+20 Outcome Document, "*The Future We Want.*" With respect to CSR implementation, this resolution calls for: (i) securing assurance for sustainable development (SD), (ii) assessing the growth and implementation gaps in former SD commitments, and (iii) taking on new and emerging challenges for SD. Driven by this, it is necessary to understand how CSR should be implemented if it is to deliver "the future we want." That is, governments, organizations, managers, and stakeholders need as much guidance as possible in order to succeed at CSR implementation. This can take form of sharing best practices, such as Marks and Spencer's "evolution from yesterday's CSR to today's how we do business (HWDB)," (Grayson, 2011, p. 1017). It can also be in the form of worst practices/experiences, such as "Nestlé's Crisis in India," (Ethical Corporation, 2015).

This paper combines two concepts, CSR and implementation, to yield "CSR implementation." It borrows knowledge from management literature and gurus (Henry Fayol, Fredrick W. Taylor, Peter Drucker, etc.) who have highlighted implementation as one of the many facets of the management cycle (other facets include planning, organizing, staffing, and delegating, motivating, communication, directing and controlling [Drucker, 2002; Taylor, 1909]). Similarly, for the concept of CSR, given its various definitions and conceptualizations (Grayson, 2011; Katamba et al., 2012b; Visser, 2015), this paper borrows knowledge from literature, bodies, and scholars who consider CSR as a strategic business engagement. Thus, the paper utilizes stakeholder engagement arguments (Grayson and Hodges, 2004), value creation and value chain management (Porter and Kramer, 2006), as well as shared value and coproduction (Visser, 2011; McIntosh, 2003). This blend of knowledge from management and CSR provide guidance on how to embrace inclusivity and coproduction during CSR implementation. These two aspects have often emerged as challenge facing CSR engagement by organizations in developing countries.

Research motivation

While reading and analyzing company CSR reports and case studies, a combination of results becomes apparent with respect to CSR implementation: some companies/organizations successfully implement CSR activities (Grayson, 2011), while others, especially SMEs fail in this regard (Nkiko, 2009). Additionally, some firms experience ups and downs during implementation (see, BP oil spillage in Gulf of Mexico, and, Shell human rights abuses in Nigeria), while, worst of all, others face a reversal from being extraordinary to almost complete failure, if not worsening the situation prior to CSR implementation (*The Guardian*, 2013, 2014). A recent CSR implementation scandal can be seen from Nestle's irresponsible communication about nutritional values in Maggi. This previously a star product (Maggi) led to the closure of different Nestle outlets, as well as legal suits and fines related to product safety (Ethical Corporation, 2015).

The above observations reveal a sense of chaos surrounding CSR implementation. Also troublesome is the fact that CSR implementation challenges are also pertinent in developed countries, where CSR is in advanced stages. That is, CSR implementation in developed countries is guided by CSR instruments such as Global Reporting Initiative (GRI), ISO 26000, Organization for Economic Cooperation and Development (OECD) guidelines, and Coalition for Environmental Responsible Economies (CERES). The presence of these CSR instruments in developed countries means that corrective action can easily be taken to realize successful CSR implementation. For example, Grayson and Hodges (2004) stated that over 2,000 international companies regularly report on CSR because it is mandatory in their country, while 'Fortune 500 companies' have a designated manager or department that oversees CSR implementation. However, in developing countries like Uganda (where international companies are least active), such CSR instruments are not yet popular, or are not applied due to differences in the socioeconomic characteristics of these countries (Katamba et al., 2014a). Thus, CSR remains in its infancy in most developing countries; that is, it is largely philanthropic (Katamba et al., 2012; Nkundabanyanga and Okwe, 2011; Bagire et al., 2011) and less strategic (i.e., does not have noticeable SD impacts). Thus, this research aims to understand how successful CSR engagements can be implemented in developing countries in order to deliver "the future we want" (i.e., SD).The research question (RQ) is as follows:

RQ: How can companies successfully implement CSR activities in developing countries?

Study setting

To answer the RQ, two companies, Kakira Sugar Ltd (KSL) and Standard Chartered Bank Uganda Ltd (SCB), are selected as cases. These firms topped a list of seven (out of 100) for excellence in terms of CSR engagement in Uganda (Katamba and Nkiko, 2016). The two companies can be seen as role models even for other companies in developing countries. This is because they have exhibited a good blend of strategic and philanthropic CSR. Additionally, their CSR contains five of the 10 characteristics that Grayson and Hodges (2004, p.14) mention as descriptive of a strategically responsive company regarding CSR. The five characteristics include: "(1) The organization aligns and articulates explicitly its purpose, vision and values consistent with responsible business practice;" "(2) The leadership and senior management team fully believes in and lives by those values and purpose…;" "(6) There are effective tools and processes for scoping and then prioritizing risks and opportunities associated with corporate social responsibility and a framework for deciding how to reach decisions…" "(8) There are effective stakeholder engagement processes to seek proactively any corporate social opportunities…" and "(10) There is appropriate measurement and reporting of the company's performance as well as processes for rectifying gaps and learning from the emergence of gaps."

The remainder of this paper is structured as follows. The literature review grounding our RQ is outlined next, followed by the methodology used, before the findings are presented. A discussion, conclusions, managerial recommendations, and limitations are then outlined. The paper ends with directions for further research.

Literature review

Theoretical grounding

This paper is informed by stakeholder theory, and corporate citizenship. These theories were selected because they have gained traction in explaining how CSR is manifesting itself within companies.

(i) *Stakeholder theory*

Advanced by Robert E. Freeman, stakeholder theory offers a powerful conceptualization for understanding how companies should shape their CSR implementation, as well as business strategies, in relation to broader stakeholders' needs and expectations. Stakeholder theory suggests that the needs of shareholders (the primary owners of the business), cannot be met without satisfying, to a reasonable extent, the needs of other stakeholders, such as consumers, regulatory authorities, local communities, environmentalists, etc. (Dunham et al., 2006; Lantos, 2001; Donaldson and Preston, 1995).

When thinking about CSR implementation, it is important to acknowledge how stakeholders are affected or can affect the profit/economic orientation of the business. Hence, there is a need to embrace inclusivity (coproduction)—i.e., stakeholder participation in developing and achieving an accountable and strategic response to sustainability issues (Visser, 2011). Fitting the idea of inclusivity into Freeman's stakeholder theory provides a broader perspective on how CSR can be successfully implemented. That is, stakeholders have to be recognized, understood, and involved at all stages of CSR implementation. During CSR implementation, the principle of inclusivity helps to empower stakeholders regarding the CSR activities undertaken, via the right and opportunity to be heard. Additionally, it helps businesses to accept their obligation to involve stakeholders (both internal and external to the business) in aspects of their businesses (Dunham et al., 2006; Donaldson and Preston, 1995). This facilitates identification of "strategic CSR engagement priorities," which enables coproduction—that is, working together towards CSR implementation.

Furthermore, with respect to implementing CSR activities, embedding the principle of inclusivity into stakeholder theory reveals a symbiotic relationship between companies and their wider stakeholders in various spheres of influence (community, economic, ecological, and workplace). This emphasizes that organizations should pursue their economic priorities/needs, such as profit maximization (Friedman, 1970; Carson, 1993), reputation enhancement, strategic competiveness (Porter and Kramer, 2006), etc., without compromising community priorities/needs, such as healthcare (Katamba et al., 2014b), infrastructure, human capital and professional development, etc. Thus, stakeholder theory is suited to this study, because even when firms seek to maximize profits for their shareholders (Carson, 1993; Freidman, 1970), they are likely to affect or be affected by other stakeholders' concerns/expectations as well.

(ii) Corporate Citizenship (CC) theory

The concept of CC was introduced in the rhetoric of the business–society relationship in the 1980s (McIntosh et al., 1998), and CC is presented as a theory in many instances (e.g., Garriga and Mele, 2004). However, a critical review of these and other works from political science (Erisksen and Weigard, 2000) reveals that there is no definitive CC theory. Rather, there are broad doctrines/principles of CC, such as "good neighborliness," "good citizenship," etc., as promoted by Epstein (1989), while current researchers (Wood and Logsdon, 2001) have developed normative theories of CC, rather than a CC theory as such. Thus, in order to position CC within the CSR implementation literature, CC is treated here as a "doctrine."

Company law considers companies as "artificial citizens" who should coexist with "human citizens" in the same geographical territory (in our case, Uganda) in which they operate. Hence, these artificial beings should participate in finding solutions to the challenges troubling their human counterparts (Matten and Crane, 2005; McIntosh et al., 1998; Carroll, 1991). CC emphasizes the importance of charitable donations and other forms of corporate and strategic philanthropy undertaken in local communities (Carroll, 1991; Carroll, and Shabana, 2010). Compared to instances in which corporations engage in charity simply for the sake of it, CC ideally indicates a more organized form of strategic philanthropy (Porter and Kramer, 2006). CC implies giving back to the communities in which a company operates, since this makes them better places to live and work, and, in turn, safer places in which to do business due to presence of a social license to operate.

In a broader CSR implementation sense, the concept of CC gained recognition in 2002 at the World Economic Forum, where 34 CEOs of the largest global multinational companies signed a document titled "Global Corporate Citizenship: The leadership challenges for CEOs and the Board." The document broadened the concept and practice of CC to incorporate the contribution a company makes to society through its core business activities, social investment, philanthropy programs, and engagement in public policy (Wood and Logsdon, 2001). However, in 2003 scholars theorized that corporations are citizens, especially when they play a role that government (i.e., the public sector) has failed to play, such as solving a social problem (Matten et al., 2003). Lastly, in the quest for successful CSR implementation, Logsdon and Wood (2005) reaffirmed that CC requires that a set of fundamental values are integrated in the corporate code of conduct, as well as in corporate polices. They also emphasized continuous awareness and integration of stakeholders' expectations, as well as communication of the results from the implementation.

CSR Implementation

Fitting the concept of implementation into broader management facets

Above, it was noted that implementation is a facet of management. That is, management is a function that coordinates people's efforts to accomplish goals and objectives efficiently and effectively (Taylor, 1909; Drucker, 2002; Gomez-Mejia et al., 2008). Management includes *planning* (formulating corporate policy and landscape), *organizing* (people/staffing and corporate resources), *controlling* (feedback mechanisms that indicate whether things are moving as planned), *implementing* ("walking the talk" outlined in corporate policy), and *directing* (providing leadership so as to keep on track) a firm's resources to achieve defined objectives (Alexander, 2000). All facets of management center around implementation, which is a direct result of planning ("talking")—that is, implementation implies putting "talk" into practice ("walking"). For example, planning entails thinking about and organizing activities required to realize desired goals (Alexander, 2000; Stroh et al., 2002). It is what is done when deciding future courses of action from alternatives. It is also a process, because it involves back and forth and evaluation of each decision, and it involves setting a mission and objectives and indicating how knowledge can be translated into action (Gomez-Mejia et al., 2008; Legge et al., 2006). From this rhetoric, the term "CSR planning" can be coined. That is: CSR planning is deciding in advance what CSR activities are to be implemented, how to implement them, when to implement them, and who should implement or be involved in implementing them.

Based on this definition, we can deduce that CSR planning and other management facets are integral aspects of CSR implementation, since they bridge the gap between where the organization belongs in "CSR waves" (Grayson and Hodges, 2004) and where it wants to be (Katamba et al., 2014b) by successfully implementing CSR. CSR waves represent one basic way of looking at the behavioral and managerial aspects of CSR implementation (starting with philanthropy; 1st Wave) and tending towards implementing strategic CSR engagements/investment (4th Wave). Strategic CSR is CSR engagement in which the business/organization has longer-term, direct self-interest, and such engagement is embedded in profit and growth goals. CSR Waves help companies to tailor their approach to strategic CSR implementation because no wave is mutually exclusive. That is, different parts of the same business/organization implementing CSR can be at different stages of maturity, but in the end, the CSR implementation is successful. This is illustrated in Table1.

Table 1:
The Four Wave Approach to CSR implementation

	1st Wave	2nd Wave	3rd Wave	4th Wave
Purpose	Philanthropy	Strategic philanthropy	Community Investment	Healthy business environment
Motive	Morality	Long-term self-interest	Long-term/direct self-interest	Direct self-interest
Strategy	Ad Hoc	Systematic	Strategic	Organisational ownership
Staff	Administrator	Manager	Entrepreneur/consultants	Ingrained at all management levels
Structure	Detached from Business activities	Detached but linked to business interests	Part of line structure	Integrated with business functions
Initiative	Passive	Responsive to requests in target areas	Initiating	Integrated into daily decision-making
Contribution	Mainly cash or goods	Cash or donations Skills and cash	Business resources	Embedded in profit and growth goals
Drivers	Chairman's whim	Guidelines in place	Business linked Guidelines in place	Part of business strategy
Sustainability	One-offs	Assistance in specific issues	Nurturing and capacity building of NGOs	Ongoing part of business management/goals and appraisals

Source: Grayson and Hodges (2004)

Implementation of CSR

Implementation has been defined by management professionals (Fixsen et al., 2005, p. 5) as a "specified set of activities designed to put into practice an activity or program of known dimensions." When blended together, the concepts of CSR and implementation provide CSR implementation. Earlier empirical CSR implementation studies, notably, Grayson and Hodges (2004, p. 140), loosely referred to CSR implementation as "committing to action." These authors give an impression that *'CSR implementation'* is walking the CSR talk. It is the day-to-day decisions, processes, practices, and activities that ensure the firm meets the spirit and letter of its commitments in its CSR strategy or plans. Supporting this impression is Akzo Nobel (the world's largest painter manufacturer based in Netherlands) who after designing a code of conduct ("talking the walk"), passed the code's implementation to high-potential mid-level managers who ran its individual business units in over 80 countries to "walk the talk." During this stage, the managers provided the over 70,000 employees globally with resources and skills to align the promises made in the code with the company's daily operations and surroundings. The company has reported that its staff are familiar with the code.

However, recent implementation studies (Hohnen, 2007) have revealed that during CSR implementation, gaps may occur. That is, what was planned is not what is actually implemented. Hence, the intended outcomes may vary from the actual ones. Fixsen et al. (2005) explained how to counter or avoid these gaps by mentioning that implementation processes should answer three simple questions: *why* (e.g., to realize improved nutrition in country XY), *what*, and *how* (e.g., the CSR-engaging institution offering support to its staff during implementation). Furthermore, earlier studies (Mitchell et al., 1997) mentioned that CSR implementation should be purposeful and described in sufficient detail that independent observers (stakeholders) who participate in coproduction can detect the presence, strength, and power of the specific set of CSR activities.

The above rhetoric fits Fixsen et al.'s (2009) suggestion that CSR implementation has six functional stages: *exploration* ("planning" for the CSR implementation), *installation* (actual release of the resources to be utilized in implementation), *initial implementation*, *full* *implementation*, *innovation* (being creative in dealing with what emerges as the activity is implemented), and *sustainability* (how the implemented initiative will be sustained). The six stages are curvilinear and interconnected. This means that successful CSR implementation must borrow from ideals of inclusivity and coproduction if it is to deliver to sustainability.

Methodology

Research design and selection of case studies and respondents

A case study research design was used to answer the RQ. This enabled the gathering of in-depth information and intensive analysis of the events surrounding implementation of CSR activities, as guided by Burns (1990).

To avoid bias, we adopted Katamba et al.'s (2014a) advice that where many cases exist, conditions should be set before identifying which case to select. Thus, we selected two companies from the final list of seven companies which had emerged from the 100 that participated in CSR Awards in Uganda. The selected companies, Kakira Sugar Limited (KSL) and Standard Charterd bank Uganda Limited (SCB), had recognizable CSR activities in Uganda and had demonstrated exemplary CSR implementation over other CSR-practicing companies in Uganda. KSL won the Overall CSR Award in Uganda in 2013; this award was organized by the Uganda Manufacturers Association, Private Sector Foundation Uganda, Uganda Investment Authority, German International Cooperation, and Uganda Chapter for Corporate Social Responsibility Initiatives Ltd, and over 100 companies were considered. SCB was the runner up in this competition, and additionally won the category of CSR in Community and Health. These awards justify their selection here (see Katamba and Nkiko [2016, pp. 162–163] for CSR profile and detail of the final seven companies that emerged from the initial pool of 100).

Profiles of case companies and respondents

Table II shows that the companies have been operating in Uganda for over 80 years, which can be considered enough experience to understand the social economic problems in Uganda. This means that these companies' CSR activities/engagements should be robust enough to ensure SD. The combination of business activities conducted by the studied companies (commercial agriculture, electricity generation, and commercial banking) offers a rich diversity of knowledge to inform successful implementation in any developing country.

Table II: Profiles of studied companies

Company name	Location	No. of staff employed	Nature of business	Main Products/ services offered
Kakira Sugar Ltd (KSL) (established in 1930). Family business	Jinja, Kakira town (approx. 90km from Kampala)	7,830 (5,000 permanent; 2,830 seasonal)	Commercial agriculture, large-scale sugar-cane growing and processing	- Sugar - Sweets - 51 MW geothermal electricity (generated from bagasse)
Standard Chartered Bank (U) Ltd (SCB) (established in 1912). Subsidiary of Standard Chartered Group (UK)	Kampala city center, with 12 branches, plus30 ATMs across the country	Over 600 (full time)	Consumer, commercial, and wholesale banking	- Loans of different categories - Bank accounts (savings, current, etc.)

Source: Field data

Table III shows the variety of respondents who offered a rich diversity of independent information about each company's CSR issues. The authors were able to verify the information obtained from CSR reports through the interview, thereby easing theory triangulation. Access to the senior managers made it possible to ascertain the CSR planning and implementation issues in their respective companies.

Table III: Profiles of interviewees

Company	Respondent managers	Respondent stakeholders/beneficiaries of CSR activities
KSL	- Assistant to General Manager (doubling as Public Relations Officer and CSR Manager) - Acting Human Resources Manager	- CEO, Kakira Out-growers Rural Development Fund (KORD) - Project Officer, KORD - 4 Local Council 1 chairpersons - 2 Village Health Team members - 5 community males, and 1 female
SCB	- Head of Corporate Affairs (doubling as CSR Manager)	- Program Manager (Health Advocacy), Church of Uganda - Country Director, Sight Savers Uganda - 3 District Medical officers - 5 beneficiaries of Seeing is Believing project - 2 Ophthalmologists

Source: Field data

Data collection procedure

Data was collected using the following case study methodological approaches (CAPAM, 2010; McLeod, 2008; Yin, 2008):

1. The learning history approach: The authors collectively reflected on the experiences of the interviewed managers and stakeholders using an interview guide (Appendix 1). The guide was designed with probing questions, which made it possible to analyze the companies' implementation of CSR activities.
2. The best-practice approach: In particular, the authors considered successfully implemented CSR activities; for instance, they asked each company to explain their flagship CSR activities/projects.
3. Yin's (2006) illustrative case study method: This was used to probe for a descriptive account of the main issues surrounding resource utilization during the implementation process of the companies' flagship CSR activities and other CSR projects.
4. Yin's (2008) exploratory case study method: The authors applied this to investigate (i) management's involvement in CSR implementation, (ii) the challenges and conflicts encountered during implementation, (iii) stakeholder involvement, and (iv) feedback/accountability mechanisms (see,TablesV, VI,and VII) from undertaking CSR activities (shown in Table IV).

Data was collected using a structured qualitative questionnaire, with interview guides (probes) for every question (see Appendix 1) in order to get exact details about the topic being investigated.

Given the qualitative nature of our data, triangulation was used (Creswell, 2007; Yin, 2008). The authors initially considered whether the data gathered from different sources (CSR-related reports, and, interviews) would remain unchanged in different contexts. In gathering the data, methodological triangulation was employed by using more than one method to gather data from each source (that is, interviews, observations, and document reviews). Additionally, investigator triangulation was employed, whereby each researcher examined the same phenomenon and data independently. Lastly, theory triangulation, which involved interpreting from different management viewpoints (e.g., Grayson, 2013; Drucker, 2002; Edersheim, 2007), was used. This was termed "First-level analysis of transcripts' (see Table V), as it enabled the authors to extract categories/commonalities that emerged from the results. This formed the basis for secondary analysis (Tables VI and VII), which allowed themes to emerge in data aggregation and analysis.

Data aggregation and analysis

We borrowed largely from Charmaz's (1983) "*Grounded Theory*', using arrays to display the data, created displays, tabulated the findings (see tables in the text hereunder). The authors then "*ordered*' the information as guided by Miles and Huberman (1994). Thereafter, Yin's (2008) analytical strategy of pattern-matching was used to examine consistency of categories/themes with literature and explanation building, leading us to develop a framework with which to finally analyze the data. For generalization purposes, the authors were guided by the adaptive theory approach Layder (1998), that is, first-level analysis (see Table V). All data were analyzed with the purpose of identifying categories, followed by themes, content, and issues. This process served to identify key issues (see Table VI), which provided the opportunity to outline detailed case-company-specific information.

Findings

CSR activities implemented by the case companies

Detailing the specific CSR activities implemented by the case companies was not part of this research agenda. However, it is reproduced below for quick reference.

Company	CSR activities
KSL	• Using bagasse to produce renewable energy/electricity during the process of making sugar (wherein electricity is also supplied to Uganda's National Electricity Grid). • Running several schools, including nursery, primary, secondary, and tertiary, with total enrollment of over 10,000 students. • Running functional hospitals that can accommodate over 100 in-patients. • Supporting other community health initiatives through its independent CSR stakeholder engagement initiative/organization, KORD, and other partners, such as United States Agency for International Development (USAID).
SCB	• Running health services in the community, such as sight-saving projects, fighting malaria, etc. • Implementing flagship project, "Seeing is Believing,"in partnership with Sight Savers (international eye care NGO), the Ministry of Health, and Mulago Hospital (Uganda's only national referral hospital). • Running health initiatives for over 10 years. • Diagnosing, treating, and providing 80,000 clients with affordable eye glasses. • Benefiting stakeholders across all districts of Uganda.

Source: Compiled from secondary records (company CSR reports and magazines, as well as newspaper clippings and publications [Katamba and Nkiko, 2016])

Table IV: Profile of CSR activities implemented by the studied companies

Building on the themes identified in Table V, it is evident that SCB and KSL face a variety of issues surrounding their CSR implementation, such as management involvement, robust management of emerging conflicts, stakeholder involvement, and feedback management/ reporting (which is good practice in Uganda, a country where CSR is largely in its introductory stages).

Table V: Findings from first-level analysis of transcripts related to implementation of CSR engagements

Sample quotes from respondents	Emerging categories/themes
[…] We work with implementing partners who actually guide us in terms of the need. We sit down with them, discuss those numbers, once we agree to them, then we present them to our executive management team for approval and then into the Board … (Head Corporate Affairs, SCB).	- Stakeholder involvement (who, why involved, andmeans of engagement) - Management involvement
[…] Yes, many times we participate in the bank's activities. One of them is the issue of locating tree planting areas using the church and schools. And that one was taken on in Gulu where actually I went and participated in planting the trees. (Stakeholder, SCB)	- Stakeholder involvement - Activity identification
[…] we seek permits [for] everything we do. Whether it's planting sugarcane near river banks, extracting water from Lake Victoria, we must get a permit and pay our fees. If we are going to emit gases to the environment, whether they meet or don't meet NEMA guidelines or minimums, we must seek a permit and involve NEMA. (Acting General Manager, KSL)	- Stakeholder involvement (how)
[…] we give regular reports whether monthly or quarterly to these authorities [NEMA, local governments, etc.]. Whether they use them or not is another issue but we don't wait for them to say Kakira did not submit reports. (Ag General Manager, KSL)	- Feedback management/ reporting mechanism
[…] For environment CSR activities … in schools, we monitor quality … by seeing to it that they [schools] reduce on the number of trucks of firewood they use per term for cooking. When we install a stove, if a school was using for example 12 trucks and maybe they fall down to six, we have to find out why. There [are] other challenges like using wet wood, some administrators are negative [about]the technology. (CEO, KORD)	- Presence of implementation strategy, - Implementation conflicts/ challenge management - Feedback management - Stakeholder updates
[…] our ability to mobilize many beneficiaries at least cost… also the Archbishop can easily stand up one morning, make a press conference, and call on all Christians… if you are implementing a programme like malaria, …and the Archbishop says something about malaria, people will change their attitudes. Even this year, SCB came back wanting to fund the fight malaria initiative. (Official from Church of Uganda, a Stakeholder, SCB)	- Stakeholder involvement (why involved)

Source: Author compilations from transcripts

Table VI: How SCB implements CSR activities

Management involvement		Implementation conflicts/ challenges	Stakeholder involvement			
Means	Why		Stakeholders (who)	Why	Means of engagement (how)	Feedback/ reporting mechanism
• Staff volunteerism • Technical contributions • Budget reviews and approvals	• management has vested interest • Monitoring impact • Protecting shareholder value	• Shrinking profits (addressed by revisiting budgets) • Strong checks and balances • Preserving and enhancing SCB brand • Being engaged in activities with limited sphere of influence	• Eco Trust • Church of Uganda • NEMA, NFA • NGOs (e.g., Sight Savers, UWASNET) • Public health schools • Ministry of Health, Clinical experts • UWASNET	• Cost-effective mobilization • Opinion leading • Competency • To match their exact needs • -Statistics provision	• Quarterly meetings • Consultations • Coproduction of reports • Participation in CSR activities • Email exchanges	• Site visits • Periodic • sharing of reports • Provision/ • monitoring of statistics

Source: Field data

Table VII: How KSL implements its CSR activities

Management involvement		Implementation conflicts/ challenges Stakeholders (who)	Stakeholder involvement			Feedback/ reporting mechanism
Means	Why		Stakeholders *(Who)*	Stakeholders (who)	Means of Engagement *(How)*	
Consultations	-To ensure a common buy-in and common vision -Guidance -To ensure the original philanthropic nature and intentions of the company founder, Madhvani, are maintained	-Negative attitude to some initiatives because incomes from rudimentary means are affected -Delayed uptake of introduced CSR innovations, e.g. "cook stoves" -Pressure to meet set targets. -Walking the CSR talk and promise (e.g., via cleaner production activities)	-Farmers and farmer cooperatives, such as BSGA -Ministry of Education -Standards Agencies (UNBS, IQNET, NEMKO, ISO) -Local government leaders and authorities (CAO, LCs, district engineers, -Statutory agencies (UNBS, NEMA, NSSF, etc.)	-Provide technical guidance -Supplement KSL's efforts -Ensure common buy-in and common vision of KSL	-Writing agreements -Contractual arrangements, as in the case of NEMKO, IQ-Net -Quarterly meetings	-Continuous monitoring -Constant communication across all KSL depts. and with stakeholders

Source: Field data

Notes: [NEMA—National Environmental Management Authority; NFA—National Forestry Authority; NGOs—Non Governmental Organizations; UWASNET—Uganda Water and Sanitation Network; BSGA—Busoga Sugar-Cane Growers Association; LC—Local Council; UNBS—Uganda National Bureau of Standards; CAO—Chief Administrative Officer; NSSF—National Social Security Fund; IQ-NET and NEMKO—certification companies; ISO—International Organization for Standardizations]

Tables VI and VII show that successful CSR implementation is a function of: (i) management involvement, (ii) stakeholder involvement, and, (iii) feedback management mechanisms. These are explained in detail below.

<u>Management involvement ("means" and "why")</u>

Management engagement was observed to be part of successful implementation in both companies. The findings revealed that management involvement in CSR implementation is driven by "means" (that is, consultations, staff volunteerism, technical contributions, budget reviews, and budget approvals). For example:

> […] once we agree to [expenditure budget figures, and activities], <u>then we present them to our executive management team for approval and then into the Board.</u> (Head Corporate Affairs, SCB)

Additionally, management involvement is motivated and justified by "why." That is, management's vested interests, monitoring the impact of CSR undertakings, protecting shareholder value, ensuring common buy-in and vision, providing guidance, and ensuring that the original reasons and (philanthropic) intentions of the company owners/founders are maintained.

<u>Stakeholder involvement ("who,""why," and "how/means of involvement")</u>

The studied companies have well-organized and competent stakeholder involvement (STH Inv.). They are certain of who is involved (WH Inv.), why (WY Inv.) and 'How' which details Means of involvement (MN Inv.).

a. Who is involved? (WH Inv.): Stakeholders involved in implementation have the right competencies. For example, the Ministry of Health (which regulates and directs health matters in Uganda) is involved together with Sight Savers (an international eye care NGO) as part of SCB's health campaign "Seeing is Believing." Additionally, the National Environmental Management Authority (NEMA), a statutory organization in Uganda that oversees environmental affairs, was involved in the design and in supervising construction of KSL's ETP.
b. Why involve them? (WY Inv.): The findings reveal that a detailed justification for stakeholder involvement in implementation (e.g., cost savings and influence) was needed /meant to ensure continuity and sustained benefits even after the companies pull out. For example, SCB's "Nets for Life" (a malaria-prevention initiative) involved the Church of Uganda because the Archbishop is seen as an opinion leader in this cause. For instance:

[…]<u>also the Archbishop can easily stand up one morning, make a press conference, and call on all Christians… if you are implementing a activity like Malaria prevention, …and if the Archbishop says something about malaria, people will change their attitudes.</u> Even this year, SCB came back wanting to fund the fight malaria initiative. (Official from Church of Uganda, a stakeholder of SCB)

c. "How/means of stakeholder engagement" during implementation (MN Invol.): A well thought-out means of engaging stakeholders makes them feel valued. Notable means of engagement include: creating written agreements about which activities will be jointly undertaken (e.g., the Church of Uganda has a Memorandum of Understanding with SCB); contractual arrangements, as in the case of NEMK: IQ-Net (a certification company), to ensure authentic independent third-party auditing of CSR activities; quarterly meetings;

consultations; coproduction of progress reports; active participation in CSR activities (e.g., staff volunteering, CSR-activity beneficiary participation in, for instance, setting up tents for eye care clinics); and sharing emails about any updates.

Feedback Management Mechanism

When respondents were asked, “How do you know that you have implemented and or even achieved what you planned?”the respondents mentioned that active reporting (at different intervals, such as monthly, quarterly, annually, etc.) on the implementation status of the various CSR activities is paramount. Means of fulfilling this included site visits (which offer real-time evidence of what has actually been implemented), provision of monitoring statistics, and constant communications across all stakeholders, etc. Companies also reported the use of matrices developed internationally, regionally, or in-house (but approved by a third-party rating agency to avoid complacency) through stakeholder consultations. For example, one respondent mentioned that:

[…] We hold quarterly review meetings and we also carry out site visits to make sure that what is actually being reported is seen and being implemented on the ground. … “Reporting” is also done on a quarterly basis. We get the reports from the implementing partners. They report back to us. (Head Corporate Affairs, SCB)

Discussion

How CSR companies in Uganda Implement their CSR activities

The studied companies’ CSR did not align directly with their core business and competences (see Table IV).This challenges Porter and Kramer’s (2006) view that an organization should implement CSR initiatives that are related to its core competences and values if the initiatives are to be successful and competitively differentiated from those of counterparts. Interestingly, the case companies’ activities registered sustainable benefits to the communities. Additionally, before implementing the CSR activities, KSL and SCB noted this mismatch between their core competencies/business and the CSR initiatives. For example, SCB which is a commercial bank, has for the past six years implemented sight-saving and environmental-protection (tree planting) initiatives, while KSL (a sugar-cane-growing and -processing company) has implemented education-related activities (offering scholarships; constructing nurseries and primary and secondary schools; etc.) and healthcare programs (construction, management, and refurbishment of hospitals/clinics) for the past 40 years. Therefore, successful CSR Implementation was determined to be a function of: (1) management involvement, (2) stakeholder involvement, and (3) feedback management mechanisms:

(1) Management involvement (“means” and “why“)

Management’s active involvement in implementation processes and designs [MGT Inv.] is crucial. Answers to “means” of involvement and “why” management should be involved play a central part in clarifying this, which Barrett and Murphy (1996) describe as the hidden value driving CSR implementation rooted in corporate environmental policy. That is, all senior (top) managers should be closely involved in the process of engaging and motivating those individuals upon whom action depends. This top-management involvement enables the “development of appropriate knowledge and skills” (Barrett and Murphy, 1996, pp. 75), which is essential in coping with uncertainties and changes that could negatively affect CSR implementation. Additionally, a combination of “means” and “why” management involvement in CSR implementation strengthens the organization’s commitment to sustainability and responsibility. That is, these two aspects are key in revealing the central role of governance in CSR implementation. Good governance as a key ingredient of successful CSR implementation was observed by Visser (2011) in his DNA Model of CSR 2.0, wherein he identifies it as a strong part of the DNA code that strategically improves institutional effectiveness during the pursuit of longer-term commitment to sustainability.

(2) Stakeholder involvement ("who,""why," and "how/means of involvement")

Well-organized and competent stakeholder involvement (STH Inv.)—that is, (i) who is involved (WH Inv.), (ii) why (WY Inv.) and, (iii) how/through what means of Involvement (MN Inv.) —plays a pivotal role throughout the implementation process. Balancing these three aspects breeds a 'negotiated order' in CSR implementation. That is, a right blend of these three aspects harmonizes bargaining and negotiation between semi-autonomous actors (stakeholders) who are pursuing or protecting their interests. Therefore fitting this idea of negotiated order with empirical studies (Baron, 2009; King, 2008; Dunham et al. 2006; Brammer and Millington, 2004;, Lantos, 2001; Donaldson and Preston, 1995; Barrett and Hill, 1984), we can comfortably say that in order to realize negotiated order, CSR engaging companies should be positioned to address the pressure they receive from various stakeholders—a view that was earlier echoed by Lantos (2001). Additionally, the verbatim responses in the findings, when cross-referenced with stakeholder-engagement literature (notably Dunham et al., 2006;Grayson and Hodges, 2004) suggest that for successful CSR implementation, stakeholder involvement should take place across the spectrum of all CSR implementation-related aspects and process activities. These aspects and process activities include planning the implementation journey, deciding on resources (human, financial, technical, etc.), utilizations, and flow. Specifically, Grayson and Hodges (2004, pp. 205–243) clearly mentioned that, regardless of company size, full potential and successful CSR implementation will only be realized if stakeholders are engaged. Through direct managed stakeholder engagement across planning for CSR implementation, resource utilization, and feedback management, a true picture of the concerns, needs, and motivations of stakeholders in relation to involvement in CSR projects is revealed. Active stakeholder engagement will make stakeholders good sources of CSR implementation information. This can be about resource utilization and optimization, emerging conflicts/issues, as well as tips on how to address unresolved issues that could hamper successful CSR implementation.

(3) Feedback management mechanisms

Active reporting on the implementation status of the various CSR activities is paramount. This could involve the use of matrices developed internationally, regionally, or in-house (but approved by a third-party rating agency to avoid complacency). Feedback management mechanisms used included CSR project site visits (for instance, visiting hospitals at which eye care service beneficiaries are attended to, or where inpatients are treated); periodic sharing of reports with relevant stakeholders; provision/monitoring of statistics; and continuous monitoring of, and constant communication across, the company departments, as well as stakeholders. Hence, it can be said that successful CSR implementation has to be ingrained into feedback management mechanisms that embrace stakeholders. These will inform, activate, share, and promote dialogue with the concerned stakeholders about the CSR activities or engagement the company has already implemented, plans to implement, or a combination of these, in a given period. For example, one manager reported that:

[…] we give regular reports whether monthly or quarterly to these authorities [NEMA, local governments, etc.]. Whether they use or [do] not use them is another issue, however, we don't wait for them to say Kakira did not submit reports. (Acting General Manager, KSL)

What is referred to here as feedback management mechanisms can be seen as synonymous with CSR communication and reporting, which GRI calls sustainability reporting. However, it should be noted that CSR communications and reporting are voluntary in most developing countries (such as Uganda, Kenya, Georgia, India, etc.), unlike in most developed countries, where it is mandatory (e.g., South Africa, Canada, the UK, etc.). Because of this voluntary nature, most of the communicated results tend to be fabricated (Katamba et al., 2012b) which gives a false impression of what is being (or has been) implemented. Hence, in the current paper it is worth considering how feedback will be managed before it is communicated or reported in the form of company reports, press releases, and magazines. In relation to feedback management, stakeholder activism was found to be central, as it promotes transparency and reliability in the information that will be communicated. Thus, for successful CSR implementation, feedback should be communicated for corrective action and criticisms that can yield improvements. Resultantly, CSR communications and reporting have begun to be conducted through a variety of channels, clearly paving the way for feedback on CSR initiatives implemented. These channels include websites, TV, print, radio, and points of sale (CSR Europe, 2000; Mersham and Skinner, 2005).

Additionally, when matched against CSR communication literature that embraces stakeholder information, response, and involvement strategies, particularly work by Morsing and Schultz (2006), our findings on feedback management mechanisms, reveal the following:

a. Companies/corporations implementing CSR need to be accountable and transparent. For successful CSR implementation, this means they need to disclose a wide variety of information about their various activities, including those related to sustainability.
b. A revolutionary shift in the way corporations manage feedback on their CSR activities implemented or being implemented entails going beyond financial statements to integrated reports that detail resource usage, financial information, operational data, and sustainability information (statistics).
c. Feedback management with active stakeholder involvement (as opposed to mere CSR communications and reporting) ought to follow an organized approach and agenda that will make CSR activities more sustainable. This is because the CSR-engaging organization has to provide credible and vetted information to a broad range of stakeholders, which is also generated through feedback management involving participation by stakeholders (that is, coproduction).

A model of successful CSR implementation

To advance CSR implementation knowledge and debate, we combine the findings, discussion, and literature review, to yield a simple CSR Implementation Success Model (Figure 1).

This model assumes that companies must have sufficient resources and a CSR strategy or plan (that "talks" about how the CSR "walk" will be conducted) in place as a starting point. In other words, these two aspects are prerequisites for implementing CSR engagements. From this plan, the organization (acting through its CSR manager or designated official office/department) can embark on translating CSR into action (implementation) by first engaging stakeholders (largely external ones) simultaneously with its management. This will result in a psychological contract between the CSR office and these two audiences (management and external stakeholders), who ideally demand accountability regarding the resources (financial, technical, human, time, etc.) invested or allocated for the CSR activity being implemented (as indicated via the dotted lines in Figure 1).

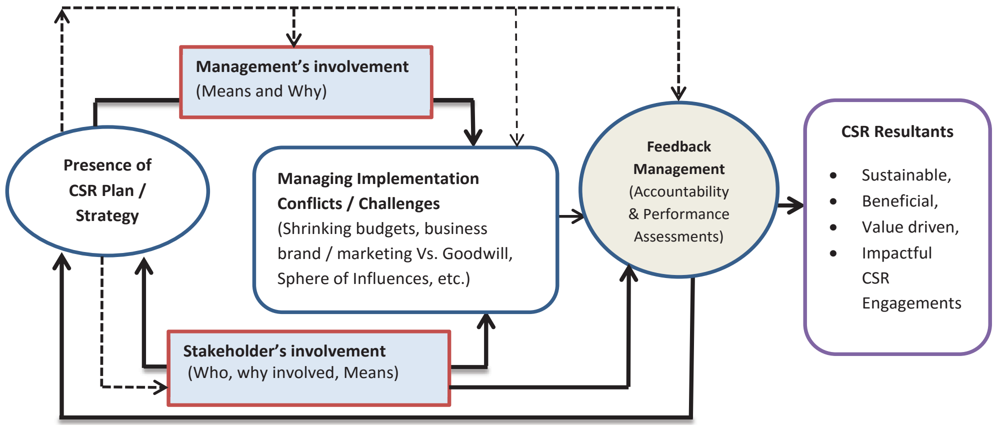

Figure 1:
A model explaining successful CSR Implementation of the studied companies

Source: Author

NB: The dotted lines indicate how resources flow, that is Financial, time, and, human.

The above creates invisible pressure to implement what has been planned. Attempts to deliver on the demands will inevitably force the company to devise means by which to handle conflicts that may otherwise hamper successful implementation (e.g., changes in financial flows towards the CSR activity due to fluctuations in exchange rates; engaging company facing financial priorities that displace the CSR activity; the emergence of other priority activities that cause rescheduling; pressure from marketing to achieve brand mileage rather than pursuing goodwill by implementing CSR activities; etc.). Most CSR engagements fail to deliver on their promises during implementation because there are no sufficient checks and balances in place to ensure positive management of these conflicts and the psychological contract.

The dotted lines in Figure 1 show the flow of resources, but also where they flow to during the quest for successful CSR implementation. Resources, and particularly their management, are not featured as an independent aspect in this CSR Implementation Success Model, but rather are shown as a cross-cutting aspect. This is because absorption costing, finance, and operations research (e.g., KPMG, 2008; Kakuru, 2007) presents resources as a lubricant for the three main aspects of the model, as well as other managerial functions. The arrows on the dotted lines symbolize the resource-utilization centers. That is, where management and accountability for resources utilized lie during implementation. The resources can include tangible aspects, such as goods and equipment; financial resources; and labor resources, such as employees. Resource management throughout CSR implementation includes ideas such as making sure there are enough physical resources to, for instance, engage stakeholders in certain aspects, implement feedback regarding how to improve the CSR activity, etc. It also reduces wastages, for example making sure that people are assigned to tasks that will keep them busy and avoid too much downtime.

Links between the model and existing research

This model (i) extends the seminal implementation work of Barrett (2004) from public policy actions and administration to the CSR implementation debate; (ii) builds on Freeman's (1984) stakeholder theory, as recently amplified by Freeman et al (2004, 2010); and (iii) promotes the theory of stakeholder identification and salience (Mitchell et al., 1997), which addresses challenges in defining the term "stakeholder" and the lack of agreement on "who and what really counts" in stakeholder management (pp.853–854), by highlighting three overlapping and interrelated attributes (urgency, power, and legitimacy). Urgency relates to the level at which stakeholders' assertions, rights and entitlements demand immediate attention of the concerned company during CSR implementation. This will be reflected in the CSR plan/strategy formulation ahead of implementation, which is developed based on the ideals of coproduction and inclusivity. Power refers to the influence the firm has over its stakeholders during CSR implementation. This is reflected in the "means" and "why" of management involvement in implementation conflicts and challenges, though stakeholders have a say and involvement. Finally, legitimacy is the sincerity and truthfulness of stakeholders' relationships built with the firm during the CSR quest (in the model, this is depicted by the linkage between stakeholders' involvement and feedback management).

Additionally, (iv) intrinsically, though latent in the diagram (that is, shown by the dotted lines that touch every aspect of CSR implementation), the model amplifies how to add value to the resource envelope that lubricates the entire CSR implementation process. Previous implementation studies (Barret 2004; Wickert 2014) have largely considered financial, technical, human, time, etc., resources. However, the CSR Implementation Success Model builds on these by highlighting management involvement and stakeholder activism in the form of technical consultations, budget reviews, and guidance on the usage and directional flow of these resources in order to avoid or minimize chaos during and prior to CSR implementation. In this way, the model amplifies McIntosh et al.'s (1998) view of successful strategies for responsible companies, as well as Porter and Kramer's (2011) views on "creating shared value."

Lastly, (v) the model has something in common with extant CSR implementation literature. All the building blocks and the directional flow of their relationships reinforce the concepts of shared value, inclusivity, and coproduction. The term "shared value" was coined by Porter and Kramer (2011), and essentially refers to the relationships that emerge between corporations and society. Shared value is premised on the philosophy that when defining markets and strategy, it is equally important to recognize and address societal needs, and not just conventional economic needs. Although the concept has recently received strong criticism (notably from Crane et al., 2014), the same critics mentioned that the concept represents significant progress towards enhancing attention to the social dimensions of business, and may act as a spur for better CSR implementation practices (p. 131). Hence, corporations that wish to pursue CSR implementation must embrace shared-value strategies. That is, they have to turn their capitalistic tendencies into environmentally, socially, and financially sustainable economic systems that, in the long run, will lead to a stronger and more sustainable operating environment. The model presented here can help these organizations to uncouple themselves from the status quo, and thus contributes to Visser's (2015) view of unlocking change through business, leadership, and innovation.

Limitations and directions for further research

This study was based in a developing country and on two large companies (each employing over 600 full-time employees). Additionally, these firms had already exhibited characteristics of strategic CSR responsive companies as suggested by Grayson and Hodge (2004). This means that their engagement in CSR is relatively advanced, as opposed to many whose CSR is still in the introductory stages. Hence, this study may not be generalizable to other companies—a point that deserves further research.

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Appendix: 1

Interview guide to investigate CSR implementation

1. Do you have a CSR implementation plan/strategy that guides your CSR interventions? If yes, ask for a copy. If a copy cannot be provided, ask for a few implementation highlights (ask for fliers, newspaper clippings, etc., if any, so that content analysis can be conducted). Regardless of the presence or absence of CSR implementation plan, proceed to the following questions.

2. How do you implement your CSR engagements in the marketplace, workplace, ecological/ environment and the community? NB: In each of these focus areas, ask:

a. Do you have CSR implementation action plans? If yes, ask: Do you follow them?

b. If no, ask: How do you implement what you plan?

c. Does your company management get involved in CSR implementation? If yes, ask: To what extent does it get involved, and why do you think this is so? If No, ask: Why not?

3. Who are the key stakeholders when implementing your CSR activities, and how and why do you engage them? [Note: engaging stakeholders in CSR plan/strategy development is not an automatic indication for their engagement in the strategy's implementation.]

4. What are some of the conflicts you encounter while implementing CSR activities, and how do you manage them?

5. How is feedback managed, and how is reporting and monitoring carried out? Ask about:

a. Independence in auditing and reporting on CSR activities implemented. If there is no independence, how do you go about following/auditing and reporting your CSR activities? [NB: this question investigates transparency and accountability when implementing CSR activities.]

b. Do you have targets to achieve when running CSR activities? If no, how do you know that you have implemented what has been planned?

c. How do stakeholders (internal and external) get to know about what you have implemented? Ask about means of communication with stakeholders.

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Religiosity and Islamic Banking in Uganda

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Abstract

Purpose: The objective of this paper was to examine the extent to which religiosity matters in explaining existing bank customers' propensity to patronise Islamic banking in the context of a predominantly non-Islamic country freshly adopting Islamic Finance and Banking.

Methodology: Underpinned by the Theory of Reasoned Action we use pre-existing scales for attitudes of customers and subjective norms and integrate religiosity in the model to predict propensity to patronise Islamic banking. We collected data from 382 existing commercial bank customers and carried out a factor analysis to examine the scales validity and reliability. We answer the main question of whether religiosity matters using two approaches: we test for mediation effects of religiosity and also use a hierarchical regression analysis to determine the additive effect of religiosity in explaining propensity to Patronise Islamic Banking (PIB) in a predominantly non-Islamic country.

Findings: Results of the Sobel, Aroian and Goodman tests show that religiosity mediates the predictive potential Behavioural Intentions (BI) of existing bank customers' propensity to patronise Islamic banking. Hierarchical regression analysis also showed that after controlling for the variance accounted for by control variables, namely religion, age and education; religiosity had a significant additive effect in the model and positively relates with PIB. In the final model religiosity together with subjective norm and attitude predict 71% of the variance in Patronising Islamic Banking. Our study therefore shows religiosity is important and does matter in patronising Islamic banking.

Originality/Value: This empirical study answers the pertinent question of whether religiosity matters in the propensity to use and patronise Islamic banking. It contributes to a better understanding of the factors that ought to be taken into account when a country is adopting Islamic banking principles. In particular the findings will be useful to commercial banks in Uganda when designing and marketing Islamic banking products to their existing and potential customers.

Paper Type: Research Paper

Key words: Patronising Islamic Banking; Religiosity; Theory of Reasoned Action; Uganda.

1. Introduction

Islamic banking is a form of financial intermediation based on the doctrine of Islamic law (Shariah) of profit and loss sharing and the avoidance of interest rate-based commitments and contracts that entail excessive risks and finance activities prohibited under Islamic principles (e.g. gambling and alcoholic beverages). Consequently, under Shariah compliant investments risks are supposed to be shared among all parties i.e. investors and entrepreneurs bear the business risk for a share in the profits. This contrasts with conventional banking where

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transactions involving interest payments are common (Chong and Liu, 2009, Kahf, Ahmad, and Homud, 1998). According to Hanudin et al., (2011) the broad appeal for Islamic banking is attributed to its ethical theory and practice. Islamic banking does not only prohibit riba (usary) but also activities deemed unethical like speculation and gambling.

The benefits of Islamic banking and finance over the years are well documented. Enrique et al (2014) indicate that the market for Islamic financial assets has grown at an annual average rate of about 16 percent since 2006. Starting with a handful of institutions and negligible amounts in the late 1970's, Islamic finance grew to about 350 institutions and total assets of about US$1.7 trillion in 2013. Concentrated in Malaysia and Gulf Cooperation Council countries, Islamic finance has expanded throughout the Middle East, Indonesia, the United Kingdom, North Africa, and, more recently, in some Sub-Saharan African countries. According to Mutebile (2016) Islamic Banking has gained prominence internationally due to its exponential growth and resilience to financial crises as well as the nature of Shari'ah-Compliant finance models that focus on the principles of investment in real assets and risk-sharing. The Islamic finance model has thus contributed to the spread of real-asset-based finance principles in many jurisdictions and is regarded as an ideal option for the financing of infrastructure projects. This provides a conducive environment for achieving a more integrated approach to economic growth.

It is worth noting that despite the growth and apparent benefits Islamic financial assets still make up less than 1 percent of the world's financial assets (Enrique et al., 2014). Many countries are yet to embrace it fully and in some countries it meets open resistance from some circles. For instance in Uganda religious leaders openly petitioned the President not to assent to the law, the Financial Institution (Amendment) Bill, 2015 meant to introduce Islamic banking and finance. They argued that:

"[…] While there is merit in some of the amendments contained in the Bill and while we appreciate the purpose of the Bill such as securing cheaper financing for Government and Ugandans […] we note with serious concern the Introduction of Islamic Banking which will be offered by Islamic Financial Institutions which according to the Bill, will have their entire operations run according to the Shari'ah or Shariah law. This is a blanket legalisation and domestication of Islamic Shari'ah law, which will have far reaching implications beyond the suggested purpose of Islamic banking […] The demands under Islamic banking are therefore a pretext for advancing harmful religious objectives in the country". [Extract from a January 14th, 2015 petition by Churches in Uganda to the President of Uganda] (Mwesigwa, 2016).

Although a member of the Organisation of Islamic Conference (The OIC, 2017), Uganda is by and large a non-Islamic country. According to the Uganda National Household Survey conducted by the National Bureau of Statistics (UBOS, 2010) Muslims account for only 12.5% of the major religions in the Country. The Catholic faith accounts for the majority of followers (41%) followed by the Protestants (35%); Pentecostal (9%) and Seventh Day Adventists (2%). Traditionalists (defined as individuals who belong to any religion) and others account for 1.4% of the Population.

Literature on the history of Islamic Banking in Uganda is sparse, mixed and inconclusive. For example it can be said that the 'appetite' for Islamic Banking started in 1974 when Uganda became a member of the Organisation of the Islamic Conference (The OIC, 2017). Lujja et al. (2016b) on the other hand traces Islamic banking to only the early 1990s with the setting up of a conglomerate, the First Islamic Bank –FIBA, by prominent Muslims led by a former Governor of the Central Bank, Dr Suleiman Kiggundu. The current Governor however, only traces it to 2008 and indicates that the first application for an institution desirous of operating as an Islamic Bank, was received by the Central Bank (the Bank of Uganda) in 2008 (Mutebile, 2016). Mutebile (2016) indicates that subsequent to the initial application in 2008, Bank of Uganda received numerous inquiries from most of the commercial banks seeking to offer

Islamic financial products through Islamic Banking "windows". By 2008, within the East African region the Central Bank of Kenya had licensed two Islamic Banks while National Bank of Rwanda had licensed an Islamic Microfinance Institution and Bank of Tanzania had commercial banks offering Islamic Financial Services through windows (Mutebile, 2016).

Although the Financial Institution (Amendment) Bill, 2015 was eventually enacted into law and assented to by the President of Uganda on 19th January 2016 (Lujja et al 2016b) none of the 24 conventional commercial banks in the country has introduced a window for Islamic finance neither has the central bank licensed any fully Islamic finance institutions. It becomes important to find answers in particular to the question whether religiosity matters in the adoption of Islamic banking principles. Understanding the prerequisites of Islamic banking and its proper implementation will lead to a better allocation of resources for economic development. For example, Jamid & Zillur (2017) reports that in India a whooping US$1.5 trillion has accumulated as an unclaimed interest amount on deposits of Muslims in different banks, because owing to religious implications the majority of them do not want to use such Interest.

The objective of this paper therefore is twofold. First is to extend previous studies by adopting a stance underpinned by the Theory of Reasoned Action (TRA). TRA as a theory has developed over time by Martin Fishbein and Icek Ajzen(see Fishbein, 1967; Ajzen, 1971; Ajzen and Fishbein, 1972; Fishebein, 1973; Fishbein and Ajzen, 1975 and Ajzen and Fishbein, 1980; Ajzen and Fishbein, 2000). We therefore examine the extent to which its known aspects i.e. 'Attitude' and 'Subjective norms' which we call Behavioural Intention (BI) explain propensity to use and Patronise Islamic banking (PIB) in a country that is newly adopting the principles of Islamic finance. Second to answer two calls: one by Suddin et al (2009)who called for future studies to consider the influence of religiosity in consumer attitudes and subjective norms when predicting intention to choose Islamic products; and secondly by Lujja et al, (2016b) who called for further research in Uganda to consider religious obligations in studies of intentions to use Islamic banking.

The rest of this paper is organised as follows: Section 2 presents literature review on Commercial environment and Islamic banking in Uganda, discusses the TRA and develops the study model and hypotheses. Section 3 presents the methodology while section 4 covers the findings and discussion. The final section presents conclusions and recommendations of the study.

2. Literature Review

Commercial banking environment and the Islamic banking in Uganda.

According to Bank of Uganda, Uganda has twenty-four licensed and regulated commercial banks, four licenced and regulated credit Institutions and 3 licensed and regulated Micro-finance Deposit taking institutions (MDIs) as at December 2015 (Bank of Uganda, 2016). Allthese financial Institutions can be said to be potential participants in Islamic finance and banking. The detailed history and structure of commercial banking in Uganda is well documented elsewhere (for example see Kijambu and Dumba-Ssentamu, 2017; Lujja et.al, 2016a; Lujja et. al., 2016b; Bank of Uganda, 2016). It can therefore be said that economy is fully liberalised and the financial institutions sector is composed of both local, regional and typical high street international commercial banks that are regulated by a central bank, the Bank of Uganda.

Scholarly attention and focus to Islamic banking in the country is still in its infancy despite the fact that the subject is not new in the country. Relatively little is known about the basic terminology, principles and application in Uganda and empirical evidence is incipient. Lujja (2013) examines public perceptions of Islamic banking in Uganda and documents low levels of awareness of the phenomenon; Bank of Uganda (2016) on the other hand gives a limited account Islamic banking and its products. Nalukwago (2017) examined the determinants of intention to use Islamic banking in Uganda basing on existing commercial bank customers and found attitude, subjective norms, religious obligation and customers' motivation to be significant predictors of intention to use Islamic banking. Lujja et. al., 2016(a) examined the feasibility of adopting Islamic banking system under the existing laws in Uganda in comparison with the Malaysian experience. They concluded that there is a need for financial institutions regulators in Uganda to benchmark with the Malaysian experience and best practices in Islamic banking elsewhere. In particular, they point out a need to amend the Financial Institutions Act, 2004 and the Bank of Uganda Act 2000 to accommodate the principles and practices of Islamic banking. Other laws requiring harmonisation relate to tax legislation. Lujja et. al. (2016b) applied TRA to model public behavioural intention to adopt Islamic banking in Uganda. They found that within TRA while attitude positively relates with intentions to use Islamic banking, Subjective norms' influence on Intention is mediated by attitude. They however called for incorporation of religiosity when examining effects of attitudes and subjective norms on intentions to use Islamic banking.

What is uniquely important to note is that while conventional commercial banks generate profits by investing and lending deposits mobilised from their customers' thereby charging and earning interest, prohibition of debt and interest are at the core of the Islamic banking principles. Shafaat (2005) gives a detailed examination of Riba (usury) and how it is discouraged in the holy books - the Quran and the Bible. A number of verses in the holy books do not only prohibit Riba (usury) but culminate into discouraging debts altogether. For example:

[…] "O those who believe do not eat up riba doubled and redoubled *(Al-Quran, Surah Al-i-'Imran 3:130)* and in Surah al-BaqaraAllah (SWT) says […] if the debtors is in difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity. That is best for you If ye only knew (Al-Quran, Surah al-Baqarah Verse 280);

and

[….] If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them (The Holy Bible Exodus 22:25)

Alsadek and Worthngton (2015) indicate that principles of Islamic finance and banking include prohibition of Riba (usury or interest) and the removal of debt-based financing, the prohibition of Gharar, encompassing full information disclosure, the removal of asymmetrical information in contracts, the avoidance of risk-taking and the exclusion of financing and dealing in "sinful" activities and commodities e.g. gambling, alcohol and pork. Further, Gait and Worthington (2014) explain that Islamic finance and banking principles include an emphasis on risk sharing in business ventures, the desirability of materiality, such a financial transaction requires a link to some real economic transaction, and the consideration of justice, such that a financial transaction should not lead to the exploitation of any party to the transaction.

Commercial banks have in practice implemented the above principles of Islamic finance and banking through a wide range of products that are meant to incorporate and ensure compliance to the tenets of the respective principles. Jamid & Zillur (2017) indicates that such Islamic products include the Musharakat; the Mudarabah; the Murabahah; the Mozaraah; the Ijarah; the Mossaghaat, and others like Baimuajjall; Bai Salam; Istisna;Takaful; Quard Hassanas well as mutual funds underpinned by investments in Sharia -compliant assets, including equity and Sukuk.

The Musharakat, according to Ofurum (2008), is much like a "Joint Venture" agreement which stipulates the conditions of a partnership. Under this arrangement an Islamic finance and banking compliant financial institution will enter into an agreement with a potential industry or commercial client in which they both put up some "Equity or Venture Capital" for an investment project (s) and they both share, according to some mutual agreement, the profits and losses.

The Mudarabah, is the provision of capital in return for a share of profits but where losses on funds extended are borne solely by the bank (Alsadek and Worthington, 2015). Hanudin et. al., (2011) and Ofurum (2008) explain the concept of Mudarabaha silent partnership where the bank is entitled to a share of the financed entity's profits, but in the case of loses the bank would lose the amount extended as loan. This is because Islamic finance is based on mutual sacrifice and cooperation between the borrower and the lender in fulfilling the basic needs of both (Hanudin et. al., 2011).

The Murabahah, is where the financial institution purchases goods and services on behalf of a customer (Alsadekand Worthington, 2015) in its names but resells them to the individual at an agreed mark-up which can be used for trade financing (Ofurum, 2008).

The Mozaraah is explained as an agreement for joint cultivation and/or nurturing (Ofurum, 2008). A landowner provides a piece of land to a farmer and the farmer provides the work to cultivate the land and they share the product of the farm according to a mutually agreed upon formula

The Ijarah is an operating leasing financing (Alsadek and Worthington, 2015). Ofurum (2008) indicates that Ijarah is a rental or lease agreement through which the services of an individual or legal entity or organisation is rented out or leased against a mutually agreed upon fee, rent, leasing fee. The client has the option to keep the asset or to give it back to the bank when the full payment is received.

The Mossaghaat under this financing agreement the owner of a garden enters into a contract with someone else to nurture, cultivate and take care of his garden as a gardener or caretaker raising fruit trees and continuing to work in the garden as a caretaker of the trees to the point of preparing the trees for the next crop (Ofurum, 2008).

Alsadek and *Worthington* (2015) and Gait andWorthington (2014) point out that there are a number of other products and services under Islamic financing including Baimuajjall, deferred payments on products; Bai Salam, advance sale contracts for goods and services; Istisna, manufacturing contracts to cover work in progress; Takaful, Islamic insurance in the form of cooperative self-help schemes; and Quard Hassan, benevolent loans offered interest free. In additional, Gait and Worthington (2014) reveal that Islamic products and services are increasingly manifesting themselves as mutual funds underpinned by investments in Sharia -compliant assets, including equity, but also Sukuk.

It is noted from the above reviewed literature that God or Allah (SWT) makes His commandments clear in the Holy books and that financial institutions have devised ways of ensuring compliance to these commandments. The commandments however create anxiety not only to the customers of banks but also to the banks themselves who are expected to act as financial intermediaries. This therefore warrants empirical studies to provide answers and guidance in a country that is just adopting and aligning its financial systems to principles of Islamic banking.

The Theory of Reasoned Action (TRA) and hypothesis development

The Theory of Reasoned Action (TRA) is about making reasoned choices faced with competing alternatives. TRA has been used in various fields where making a choice is critical with a view of determining whether the theory could provide direction to popularize the choices (products, services etc) made by individuals. TRA was developed and elucidated by Martin Fishbein and IcekAjzen over a number of years and publications (see Fishbein, 1967; Ajzen, 1971; Ajzen and Fishbein, 1972; Fishebein, 1973; Fishbein and Ajzen, 1975; Ajzen and Fishbein, 1980; Ajzen and Fishbein, 2000).

TRA can therefore be traced from the work of Fishbein (1967) on the theory of attitude that proposed what is variously known as the Fishbein-Ajzenbe havioural intentions model. In this model and therefore the TRA it is asserted that an individual's intention to perform a specific act, with respect to a given stimulus object, in a given situation, is a function of the four aspects: (a) The individual's beliefs about the consequences of performing a particular behaviour (in a given situation), which is understood to mean that the probability that the behaviour will lead to some consequences (b) The individual's evaluations of those beliefs, that is the person's evaluation of multiple consequences.(c) Normative belief, that is, what the person believes others think he should do in this situation, and (d) the individual's motivation to comply with what others think should be done.

In summary, TRA suggests Behavioural Intention (BI) is a function of attitude and subjective norm. That a person's behavioural intention is a product of attitude towards-the-act (aspect 'a' and 'b' above) and subjective norm (aspects 'c' and'd' above). This therefore suggests that factors that may determine ones attraction or affinity towards a service or product like Islamic banking and finance include ones attitude towards the service, as well as own beliefs and expectations by others from the individual (subjective norm) to associate or otherwise with the product or service.

A number of studies have applied the TRA and documented evidence that one's attitude as well as subjective norms influences their liking of products, choices they make and or intend to make. This is evident for example fromthe traveller's selection of the type of hotel to stay in during a business trip (Buttle and Bungkwon, 1996); Chong (1995); partnership home financing option (Fauziah et tal, 2008); Intention to choosing halal products (Suddin et al., 2009); Intention to use Islamic personal financing (Hanudin et al, 2011) to adopting Islamic banking (Jamid & Zillur, 2017, Lujja et.al, 2016b; Kabiru, 2014). This therefore suggests that TRA is an appropriate theory to underpin the current study.

Religiosity in Uganda

Religiosity is a construct utilized by researchers in measuring influence of religion on ones behaviours and actions. Beit-Hallahmi and Argyle (1997) suggests that religiosity is a continuous rather than a discrete variable, while McDaniel and Burnett (1990) defines it as a belief in God accompanied by a commitment to follow principles believed to be set by God. O'Connell(1975) and Mariam et. al. (2015) reveals that religiosity is not a one-dimensional concept rather, it pertains to various elements of religion like belief, practice, knowledge, experience and the effects of those elements on daily activities.

Although data on statistical classification of the population according to one's faith exists, empirical studies of religiosity in Uganda are non-existent. According to the Uganda National Household Survey conducted by the National Bureau of Statistics (UBOS, 2010) Muslims account for only 12.5% of the major religions in the Country. The Catholic faith accounts for the majority of followers (41%) followed by the Protestants (35%); Pentecostal (9%) and Seventh Day Adventists (2%). Traditionalists (defined as individuals who belong to any religion) and others account for 1.4% of the Population. The analysis at regional level indicates that the Northern region had the majority of its population being Catholic (62%). The main economic activities of the country, and where all commercial banks have their head offices and main branches is Kampala and Central regions. Muslims in these two region account for 36.6% of the Population in these areas.

The phenomenon of religiosity has however been examined elsewhere (e.g. Ahmed M.A and D. Laster, 2017; Yadollah et. al, 2010; Naser et.al. (1999); Metwally, (1996), Metawa ; Al-Mossawi, (1998)). Ahmed and Haron (2002) argued that the main reason people select Islamic banking products was based on their personal perception on religious and economic considerations. Other previous studies are calling for examining the influence of religiosity in selecting products to buy (Suddin e al, 2009); home financing options (Fauziah, et al. 2008) and more pertinent to Islamic Banking, Mariam et. al. (2015) concludes that religiosity and religious tendencies affect attitudes in ways that open doors for research in the growing field of Islamic banking. Lujja et. al., (2016b) on the other hand call for future studies in Uganda to include religiosity when examining determinants of adopting Islamic banking principles.

We therefore pose a question: Does Religiosity matter in Patronising Islamic Banking (PIB) in a non-Islamic country that is adopting Islamic finance and banking principles? To answer this question the following hypotheses will be tested.

H1: *Subjective Norm and Attitudes are related.*

H2: *Subjective Norm is positively related to Patronising of Islamic Banking.*

H3: *Subjective Norm is positively related to Religiosity.*

H4: *Attitude and Religiosity are positively related.*

H5: *Attitude and Patronising of Islamic Banking are positively related.*

H6: *Religiosity and Patronising of Islamic Banking are positively related.*

H7:Religiosity matters in the relationship between BI and Patronising of Islamic banking*

H7a: R*eligiosity mediates the relationship between BI and Patronising of Islamic banking*

H7b*: Subjective Norm, Attitude and Religiosity are significant predictors of Patronising Islamic Banking.*

The foregoing hypotheses are illustrated in the following conceptual framework which has been developed to guide the study.

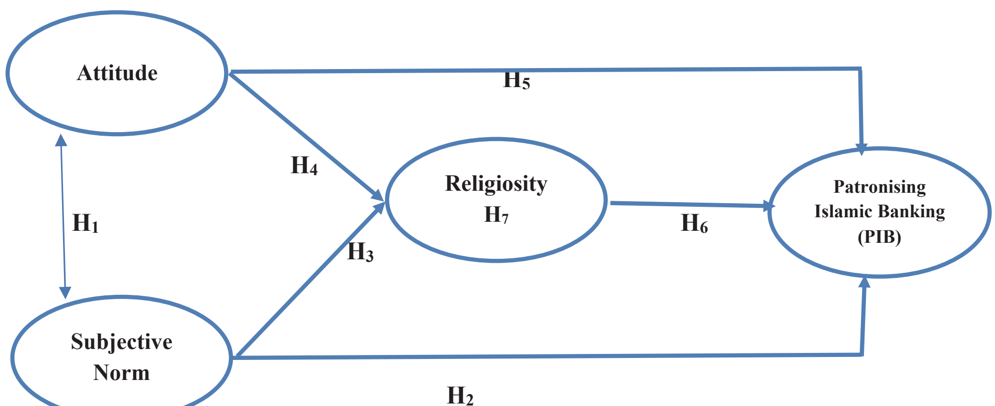

Figure 1: Conceptual Framework

3. Methodology

The study involved a survey of 384 existing commercial bank customers in Kampala from a potential population of over 3,300,000 bank account holders in Kampala. Economic Policy Research Centre 2013 survey report indicates that one in every five adults (representing 3.3million) in Uganda has a bank account (EPRC, 2013). Convenience sampling was therefore used to target at least 16 customers willing to participate in the study from the main branches of each of the 24 licensed commercial banks at the time in Uganda (Bank of Uganda, 2015).

Permission was obtained from each bank to target the respondent customers from within the respective banking halls at random. The decision to have sixteen customers from each bank was informed by the required explanatory power of the model, effect size and the need to limit response biases from a single customer in each bank. This yielded a sample size of 384 of which 382 questionnaires were useful. This sample was considered adequate in line with guidelines by various authors about the required sample size for multiple regressions where the population is large. Green (1991) guides that one should have a sample size (N) of either N>= 50+8m or N > = 104 + m. where 'm' is the number of independent variables. The later if one's objective isto test for multiple correlations and the former if one is testing individual predicators. Stevens (1996) recommends that about 15 cases per predicator variable are needed for a reliable equation. Field (2009) advises that one should have 10 or 15 cases of data for each predicator in the model. Our sample size is also within Roscoe's rule of thumb for determining sample size larger than 30 and smaller than 500 appropriate for most research. Table I below provides a profile of the respondents.

Sex of Respondents	**n**	**%**
Male	165	43.2
Female	217	56.8
Religious affiliation	**n**	**%**
Christian	192	50.3
Moslem	164	42.9
Others /Not disclosed	26	6.8
Academic Qualifications	**n**	**%**
A-level and below	169	44.2
Diploma	78	20.4
Bachelor's Degree	101	26.4
Masters	34	8.9
Employment Status	**n**	**%**
Student	47	12.3
No formal Employment	75	19.6
Self employed	98	25.7
Employed – Private sector	126	33.0
Employed – Public sector	36	9.4
Type of Bank account held	**n**	**%**
Savings bank account	243	63.6
Current bank account	65	17.0
Fixed deposit	45	11.8
Others	29	7.6
No. years a customer of the bank	**n**	**%**
Less than 5 Years	126	33
6 to 10 years	189	49
More than 11 years	67	18

Table 1: Profile of respondents

Details in Table I above reveal a useful and insightful mix of respondents for the study. The majority of the respondents were non-Muslims (57.1.4%); have basic education of a diploma and above (55.8%); are engaged in gainful employment (68.1%); all have a bank-customer relationship and majority (67%) have been customers with the respective banks for more than 5 years. This therefore suggests that data was obtained from knowledgeable and relevant respondents.

Data Collection Instrument and Validity of Measures

The data collection questionnaire was derived from instruments that have been used in previous studies and has four main sections: section 'A' collects background data on the respondents, Section 'B' collects data on Behavioural Intentions (BI)- Attitude (Atd) and Subjective norms (Subn); Section 'C' collects data on Religiosity (Rlgn)of respondents and Section 'D' collects data on Patronising Islamic Banking (PIB). The scales were anchored to a five point Likert scale to increase variability.

To apply a theory requires that its facets are identified within the target subjects of a study. We used scales of BI that have been tested in numerous studies across many areas including dieting (Sejwacz, Ajzen and Fishbein, 1980), using condoms (Greene, Hale and Rubin, 1997), consuming genetically engineered foods (Sparks, Shepherd and Frewer, 1995) and limiting sun exposure (Martin et al, 1999). These scales have been applied in different fields, in order to intervene and promote behaviours. Applications vary from attempts to increase safety-belt use (Trafimow and Fishbein, 1994), influencing career choice (Strader and Katz, 1990), understanding and predicting gambling behavior (Moore and Ohtsuka, 1999), women's career choice (Vincent, Peplau, and Hill, 1998), brand loyalty (Choong, 1998) to condom use for HIV-prevention intervention (Fishbein, Middlestadt and Trafimow, 1992). In studies on Islamic banking the scales have for example been used by Noresmabt. Jahya (2004) and Suddin et al 2009) on factors that influence Muslim consumers preference towards Islamic banking products or facilities and halal products retrospectively. The current study therefore applies TRA and measures Behavioural Intentions using scale items obtained from previous studies but amended to fit the study and local environment.

We follow Mariam et. al. (2015) and Yadollah et al (2010) and define Religiosity (Rlgn)as the importance one attaches to his/her religion and we measure it with items probing religious obligation obtained from Mariam et. al. (2015); Naseret.al. (1999); Metwally, (1996) and Metawa and Al-Mossawi, (1998).We construct a scale "Patronising Islamic Banking (PIB)" based on items obtained from studies on intention to use Sharia complaints products(Haron et al. 1994; Ahmad and Haron, 2002; Suddin et. al.(2009); Hanudin, et.al., 2011; Lujja et al., 2016b).

All the scales were reviewed for appropriateness and relevance in the context of a country that is newly adopting Islamic banking and modified accordingly. The scales were then pretested using a sample of 40 respondents to confirm their validity, relevance and understandability. The pre-testing suggested rewriting and dropping some items. The Content Validity Index (CVI) for all the scales was above the recommended 0.7 (Amin, 2005; Wynd, et al, 2003), the average variance extracted was also above 50% (Hair et al., 2010) confirming measures of the constructs as valid.

Data Analysis

Tests of Factorability and Reliability of Scales

We subject responses to items in the questionnaires to a Principal Component Analysis (PCA) with Varimax rotation to reduce the data to a manageable level (Field, 2009) whereby all factor loadings below 0.5 were suppressed consistent with the recommendation by Stevens (1996). The analysis confirmed that the data was sufficient and amenable to factorial analysis as evidenced by the KMO values for Behavioural Intentions(.950); Religiosity (0.873), and Patronizing Islamic Banking(0.926) all exceeding the recommended Value of 0.6 (Kaiser, 1970, 1974; Tabachnick and Fidell, 2007). The Bartlett's test of Sphericity (Bartlett, 1954) of all the scales reached statistical significance ($p < 0.05$) thus indicating that the correlations between items were sufficiently large hence supporting factorability of the data. Basing on the Kaiser's criterion of eigen value rule, only factors with an eigen value of 1.0 or more were retained (Kaiser, 1970, 1974).

Results of the PCA procedures in Table II show the scale items and reveal the two components of the Theory of Reasoned Action as "Subjective Norm" and "Attitude" all explaining a total of 72.2 per cent of the variance in Behavioural Intentions scale. Similarly, Table III show the scale items for religiosity and the revealed single component of 'religiosity' explaining 69.2 per cent of the variance in "Religiosity". Further, Table IV shows the scale items of the Patronizing Islamic Banking scale with its single component named "Patronizing Islamic Banking" explaining 80.4 per cent of the variance in the affinity towards Islamic banking.

	Component	
Behavioural Intentions(BI)	**Subjective norm**	**Attitude**
My spouse thinks I should embrace the new Islamic banking	.868	
Most people I know expect me to embrace the new Islamic banking	.839	
My family expects me to embrace Islamic banking	.806	
Most People like me will use Islamic banking	.785	
My colleagues think I should use Islamic banking once introduce	.761	
Most people I know like Islamic banking	.738	
The People I care about will use Islamic banking	.716	
The People I care about will support me if I use Islamic Banking	.687	
I think Islamic is useful		.808
Islamic banking services are applicable in Uganda		.788
Islamic banking is a good idea for Ugandans		.730
I appreciate Islamic banking		.723
Islamic banking is good for economic development		.710
I will be very excited when Islamic banking is introduced		.655
Eigen values	**9.708**	**1.121**
% of total variance explained	**64.72**	**7.47**
Cumulative variance explained (%)	**64.72**	**72.20**

KMO = 0.950; Approx Chi-sq 5364.418; Barlett's Test of Sphericity df=105, sig = .000

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table II: Factor structure of Behavioral Intentions

Table III: The Religiosity scale

Manifest variables of religiosity	
My religion is very influential on my everyday life	.806
I am a very religious person	.785
I do everything according to instructions of my religion	.761
I care about what my religion commands me to do	.738
My religion specifies for me banking services to use	.716
Eigen values	**3.458**
% of total variance explained	**69.16**
Cumulative variance explained (%)	**69.16**

KMO = 0.873; Approx Chi-sq 1087.938; Barlett's Test of Sphericity : df= 10, sig =.000

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table IV: Patronizing Islamic banking scale

Manifest variables of Patronising Islamic banking scale	
I have the urge to patronise Islamic banking when introduced	.912
I will recommend Islamic banking to my friend	.909
I will advocate for use of Islamic banking to all my colleagues	.907
I am eagerly waiting to patronise Islamic banking	.902
I am interested in patronising Islamic banking	.886
I cannot wait to patronise Islamic banking when introduced	.863
Eigen values	**4.822**
% of total variance explained	**80.37**
Cumulative variance explained (%**)**	**80.37**

KMO = 0.926; Approx Chi-sq2217.291; Barlett's Test of Sphericity : df= 15, sig =.000

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

To determine the internal consistency (reliability) of the four scales (Attitude, Subjective Norm, Religiosity and Intention to use) we computed Cronbach's alpha coefficients for the four study variables. Scholars like Nunnally (1978) and DeVellis (2003) recommend a Cronbach a value for a scale above 0.7. The standardized Cronbacha coefficients for all the scales, were all found to be above 0.7 (Atd 0.93; Subn 0.95; Rlgn 0.89; PIB 0.95). Prior to carrying out tests of hypotheses data was first checked for normality in order to determine the applicability of parametric tests. This was done first by use of graphical representations i.e. the histogram and the normal probability Q-Q plots. In addition the Kolmogorov-Smirnov (K-S) statistic test for normality was also carried out. For the K-S test, a significant value (sig. less than .05) indicates a deviation from normality (Field, 2009). All the scale were significantly non-normal: Atd scale, D (382) = 0.19, $p < .05$; Subn scale, D (382) = 0.17, $p < .05$; Rlgn scale, D (382) = 0.15, $p < .05$ and PIB scale, (D382) = 0.27, $p < .05$. The graphical tests were in line with K-S conclusion and all data was negatively skewed with scores at the high end of all the scales.

In view of the above we use the non-parametric Spearman's rank correlation to test the relationships between the variables. More importantly we use Hierarchical Multiple Regression to examine the relationship between the Independent Variables (i.e. Subjective norm, Attitude and Religiosity) and the dependent variable "Patronising Islamic Banking" and to examine the incremental contribution of the independent variables in the study model.

4. Findings and Discussion

Table V shows the mean scores of the study variables. Subjective norm had the lowest mean score ($X = 3.59$, $\sigma = 0.92$). Religiosity had the highest mean score ($X = 4.20$, $\sigma = .87$). The data shows that all study variables are perceived highly with a high affinity towards Islamic banking. This implies that potentially there is good reception of the concept of Islamic banking and finance in the country contradicting the voices of some religious leaders.

	Minimum	Maximum	Mean	Median	Std. Deviation
Subjective norm (Subn)	1.00	5.00	3.5913	3.8750	.9214
Attitude (Atd)	1.67	5.00	3.9332	4.0000	.7234
Religiosity (Rlgn)	1.00	5.00	4.1073	4.2000	.8729
Patronizing Islamic Banking (PIB)	1.00	5.00	3.9319	4.1667	.9488

Table V: Descriptive Statistics for global variables

The importance of one's religion in choosing Islamic banking and finance has had mixed findings. Studies by Metwally (1996), Metawa and Almossawi (1998) and Ahmed and Haron (2002) document evidence supporting the assertion that one's brief in Islam positively influences use of Islamic banking, while on the other hand Haron et al (1994) and Hanudin et al (2011) document otherwise. The descriptive statistics (Table VI) show that while there is not much difference in the perceptions of Muslims and respondents of other faith (minimum and maximum scores) across all the study variables, the means for Muslim scores are relatively higher than those of their counterparts in the other faith suggesting that Muslims in the country are more enthusiastic about Islamic banking and Finance.

Table VI: Comparative mean scores for Muslims and Other faiths

		Subjective Norm	Attitude	Religiosity	PIB
Muslims	Minimum	1.25	2.00	1.60	1.83
	Maximum	5.00	5.00	5.00	5.00
	Mean	4.0038	4.2683	4.5732	4.2978
	Std. Deviation	.67256	.59809	.61774	.67145
Christians	Minimum	1.25	1.67	1.00	1.33
	Maximum	5.00	5.00	5.00	5.00
	Mean	3.4225	3.7378	3.8958	3.8116
	Std. Deviation	.85247	.69581	.77715	.86894
Others	Minimum	1.00	2.00	1.00	1.00
	Maximum	4.00	4.33	5.00	5.00
	Mean	2.2356	3.2628	2.7308	2.5128
	Std. Deviation	1.09106	.66862	..87807	.1.38798

Table VII: ANOVA between Muslims and Other faiths

	Sum of Squares		df	Mean Square	F	Sig.	Levene Statistic	Sig	Eta squared
Attitude	Between Groups	37.427	2	18.713	43.793	.000	.537	.585	0.18
	Within Groups	161.954	379	.427					
	Total	199.381	381						
SubNorm	Between Groups	81.164	2	40.582	63.479	.000	15.410	.000	0.25
	Within Groups	242.293	379	.639					
	Total	323.457	381						
PIB	Between Groups	77.088	2	38.544	54.946	.000	19.388	.000	0.22
	Within Groups	265.864	379	.701					
	Total	342.953	381						
Religiosity	Between Groups	93.445	2	46.723	89.964	.000	1.447	.237	0.32
	Within Groups	196.834	379	.519					
	Total	290.279	381						

The ANOVA test (Table VII) confirms existence of significant differences in the perceptions of the respondents of the varying faiths, with Muslims exhibiting higher levels of urge to Patronise Islamic Banking than their counterparts in the other faith. This suggests that Muslim customers of banks will be more inclined to participate in Islamic banking than customers of other faith. This finding provides preliminary evidence that one's religious beliefs may be important when choosing to patronise Islamic banking and supports early studies by Metwally (1996), Metawa and Almossawi (1998) and Ahmad Haron (2002). The Levene's test however showed the variance in the scores is not the same for attitude and religiosity.

We test for association between the study variables using Spearman's rank correlation (Table VIII). We find support for our hypotheses H1 to H3: Subjective Norm is related to attitude (H1) and the relationship is positive suggesting that increases in one leads to increases in the other; Patronizing Islamic Banking(H2)and Religiosity (H3) are positively related ($r = 0.723$ $p < 0.001$; $r = 0.718$, $p < 0.001$; and $r = 0.579$, $p < 0.001$). Hypotheses H4and H5 are also supported: Attitude is positively related to Religiosity($r = 0.645$, $p < 0.001$) and to *Patronizing Islamic Banking* ($r = 0.680$ $p < 0.001$). Hypothesis H6 is also supported, Religiosity is positively related to Patronizing Islamic Banking ($r = 0.614$, $p < 0.000$). The highest correlations are observed between Subjective Norm and Attitude ($r = 0.723$) and Subjective Norm and Patronizing Islamic Banking ($r = 0.718$). All the associations tested are significant and strong, implying high expectations and urge towards Islamic banking despite reservations in some circles. These results provide preliminary support to the assertion that religiosity could be important in the effects of Behavioural Intentions on the propensity to use and patronize Islamic banking.

Table VIII: Spearman's Rank Correlation Results for Study Variable

Variables	1	2	3	4
Subjective Nom(1)	1.000			
Attitude (2)	.723**	1.000		
Religiosity (3)	.579**	.645**	1.000	
Patronizing Islamic Banking (4)	.718**	.680**	.614**	1.000

***** Correlation is significant at the 0.001 level (2-tailed).***

Hypothesis 7

We test for the answer to our main question (H7) whether religiosity matters in determining one's propensity to patronize Islamic banking using two approaches. First we test for the mediation effects (H7a) of religiosity in the relationship between BI and PIB following Baron and Kenny (1986)'s conditions for a mediation to hold and concluded using the Sobel test (Preacher and Hayes, 2004). Second we use hierarchical multiple regressions to test for H7b whether Subjective Norm, Attitude and Religiosity are significant predicators of Patronising Islamic banking and their contributory effects in the relationship.

Regression models in Table IX below provide the results for tests of Baron and Kenny (1986)'s three conditions for a mediation to hold. First, in model I, Behavioural Intentions is shown to significantly affect Patronising Islamic Banking($\beta =.835$, $p < .001$), which gives further support to hypotheses H2 and H5, but confirms that there is actually an effect to be mediated. Second, in Model II the independent variable (Behavioural Intentions) significantly affects the mediator variable – Religiosity ($\beta =.728$, $p <.001$). Third, in model III Behavioural Intentions affects PIB ($\beta = .729$, $p < .001$), with the coefficient of the mediator (Religiosity) being significant in this equation ($b=.158$, $\beta =.146$, $P <001$) when both Behavioural Intentions and Religiosity are entered as predictors, which renders support to hypothesis 6 (H6). Finally according to Baron and Kenny (1986), when the mediator variable is included in the regression model, the influence of the independent variable on the dependent variable should be attenuated. As can be seen in the final step, the absolute effect of BI on PIB is less in the third model/equation (Standardized Beta (β)= .729) than in the first model/equation (Standardized Beta (β)= .835). Since all the mediation conditions hold, then Religiosity is a true mediator of the relationship between BI and PIB, which confirms hypothesis 7a (H7a).

Table IX: Models to test for the mediating effect of Religiosity

Dependent Variable:	PIB			Religiosity			PIB		
	Model I			Model II			Model III		
	B	SE	Beta	B	SE	Beta	B	SE	Beta
Intercept	.116	.132		1.047**	.151		-.049	.138	
Behavioural Intentions	1.014***	.034	.835	.813***	.039	.728	.885***	.049	.729
Religiosity							.158***	.044	.146
R^2		.697			.529			.707	
F-Statistic		872.69			427.46			456.43	

N = 382 ***P < 0.001

(i) Equation/model I is regression of *PIB* on the *BI*
(ii) Equation/model II is regression of *Religiosity* on *BI*
(iii) Equation/model III is regression of *PIB* on both *Religiosity* and *BI*

Following the approach suggested by Preacher and Hayes (2004) to examine whether the mediator variable (Religiosity) significantly carries the influence of the independent variable (Behavioural Intentions) to the dependent variable (Patronising Islamic banking) we applied three tests: Sobel, Aroian and Goodman tests (available at www.quantpsy.org/sobel/sobel.htm). In other words, these tests were employed to test whether the indirect effect of the independent variable on the dependent variable through the mediator variable is significant (Dudley, Benuzillo Carrico, 2004). The results (Table X below) were significantly different from zero, which confirms and partial mediation, but also confirm the fact that the mediation (though partial) is significant.

Table X: Sobel, Goodman and Aroian tests of whether the Rlgn carries the influence BI to PIB

	Input		Test statistic	p – value
a	0.813	Sobel test	3.539	.000**
b	0.158	Aroian test	3.535	.000**
s_a	0.039	Goodman test	3.543	.000**
s_b	0.044	***mediation is significant at the 0.001 level (2-tailed)		

Where;

a represents the raw (un standardized) regression coefficient for the association between the independent variable and mediator,

s_a represents the standard error of a,

b represents the raw regression coefficient for the association between the mediator and the dependent variable (when the independent variable is also a predictor of the dependent variable),

s_b represents the standard error of b.

The mediation path is shown in figure 2 below where it is shown that when Religiosity is introduced in the equation III, the regression coefficient (b) for the association between BI and Patronising Islamic Banking, as well as the standardized Beta attenuates from b = 1.014 to b = .885 and β = .835 to β = .729 respectively.

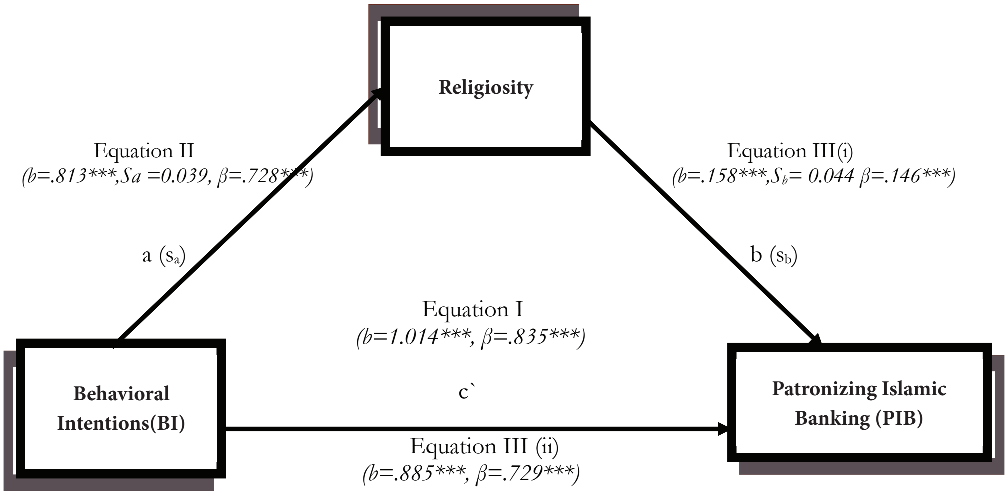

Figure 2: Mediation path

Hierarchical multiple regressions was used to test for H7bwhether Subjective Norm, Attitude and Religiosity are significant predicators of PIB and their contributory effects in the relationship.

Table XI: Hierarchical Regression with Patronizing Islamic Banking as the dependent variable

Variable	Model 1		Model 2		Model 3		Model 4		Collinearly stat.	
	B	SE	B	SE	B	SE	B	SE	Tol.	VIF
Constant	3.610***	.152	1.027***	.142	.202	.177	-.011	182	Na	Na
Age	.037	.040	-.012	.025	-.013	.024	.004	.024	.628	1.592
Education	-.019	.042	-.012	.026	.003	.025	-.011	.025	.659	1.518
			.037	.065						
Religion	.661***	.095	-.033	.061					.743	1.346
			-.084	.062						
Subjective Norm.			.827***	.034	.559***	.049	.495***	.051	.312	3.203
Attitude					.448***	.063	.382***	.064	.322	3.109
Religiosity							.178***	.047	.423	2.364
R	.338		.811		.835		.842			
R^2	.114		.657		.698		.709			
Adjusted R^2	.107		.654		.694		.705			
R^2 change	.114		.543		.041		.011			
F-statistic change	16.229***		597.880***		50.466***		14.611***			
Sig. F – change	.000		.000		.000		.001			

Durbin – Watson statistic = 1.803

N = 382 ; ***$P < 0.001$

The control variables (Age, Education and Religion of the respondents) were entered together in Step 1 (Model 1) of the sequential regression model. Age ($B = 0.037$, $p > .001$) and Education ($B = -0.019$, $p > .001$) do not significantly affect PIB and are statistically insignificant. The respondent's religion however significantly affects PIB($B = 0.661$, $p < .001$), providing additional pointer to the importance of religion in matters of Islamic banking. The results show that the control variables together explain 11% of the variance in PIB ($R2 = 0.114$).

Given that subjective norm and attitude are known predictors of intention to use Islamic banking (See Hanudin, et.al, 2011; Lujja et al., 2016b) and therefore could be having an affect on PIB, they were sequentially entered in steps 2 and 3. In step 2 (Model 2) subjective norm was found to explain an additional and significant 54.3% of variance in Patronising Islamic banking ($f\Delta = 597.880$, $p<.001$). At Step 3 (Model 3) the addition of attitude to the model accounted for an extra 4% of the total variance explained and the model was still significant ($f\Delta = 50.466$, $p<.001$). In the final model (Model 4), when Religiosity was introduced an extra and significant 1% variance in PIB was achieved ($f\Delta = 14.611$, $p< .001$).The total or overall explanatory power of the model is 71%. This means that Subjective Norm, Attitude and Religiosity are significant and strong predictors of the urge to patronise Islamic banking explaining 71% of the variance in PIB(adjusted $R2 = 0.705$, $p < 0.001$). Subjective norm is the best predictor of PIB($\beta = 0.480$, $p < 0.001$) followed by attitude($\beta = 0.291$, $p < 0.001$); and religiosity ($\beta = 178$, $p < 0.001$).

Diagnostic tests carried out showed that regression assumptions were not violated. This implies it is possible to draw generalisations from our model. Multicollinearity was tested at two levels: First, all the predicator variables as shown in Table VIII were not highly correlated, except the obvious correlation between Subjective norm and Attitude of 0.713, second there were no Torelence values of less than .10 or Variance Inflation Factor values above 10, indicating no problems of multicollinearity (Myers, 1990; Hair et al, 2006). The Durbin-Watson statistic was 1.803, which justifies the assumption of independent errors or no serial correlation. Field (2009) advises that Durbin-Watson statistic of less than 1 or greater than 3 are not satisfactory, and should therefore raise alarm. Results of hierarchical multiple regressions support hypothesis H7b to the effect that Subjective Norm, Attitude and Religiosity are significant predicators of Patronising Islamic banking and further confirm that religiosity does matter in the relationship between BI and PIB.

Collectively results of H_{7a} and H_{7b} indicate that Religiosity is first of all a mechanism through which the Behavioural Intentions will explain propensity to use and Patronise Islamic banking and secondly it (religiosity) enhances the impact of BI on PIB. This therefore suggests that the greater one is religious the more s/he will be expected to accept and patronise Islamic banking. These findings therefore support H7 to the effect that religiosity is an important aspect in the relationship between behavioural Intentions and propensity to patronise Islamic banking.

Discussion

Underpinned by the Theory of Reasoned Action, the present study examined the influence of Behavioural Intentions (thorough its aspects of Subjective norm and attitude) on the urge to patronise Islamic banking and the potential mediation and enhancing role of religiosity within this relationship. Correlational analysis found both aspects of Behavioural Intentions to be positively related to the urge to patronise Islamic banking. Following the mediation tests religiosity was found to be a mechanism through which BI effects the urge to patronise Islamic banking. In addition results of the hierarchical regression analyses, after controlling for the effects of control variables (i.e., age, education and religion) found religiosity to be significantly associated with affinity to Islamic banking.

The observed main effects of behavioural Intentions on the urge to patronise Islamic banking are consistent with previous studies that have documented evidence that attitudes and subjective norms explain intention to use and/or adopt Islamic banking and finance products (Erol and El-Bdour (1989); Fauziah and Djzulstri, 2008; Suddin et al., 2009; Hanudin and Abdu Rahim, 2011; Lujja et al., 2016b).This study found that existing bank customers' urge to patronise Islamic banking is first and fore most explained by their subjective norm (i.e. what the individual believes others think s/he should do with the advent of Islamic banking and the individual's own motivation to follow the expectations of others), secondly by their attitude (i.e. a focus on the consequences of complying or otherwise to say Islamic banking principles). This can be understood to mean that one's propensity to patronise such a sensitive new way of economic life (Islamic banking) in a multi religious society will be influenced more by what s/he believes others in the same society expect of him or her in the circumstances.

On the impact of religiosity, the current study contradicts Hanudin et al., (2011) who found religious obligation to be insignificant and negatively related to intention to use Islamic banking albeit in Malaysia. Our study however extends earlier studies by Erol & Bdour (1989); Ahmad and Haron (2002) and Kabiru (2014) that found a positive effect of religion in adopting Islamic banking products. Erol & Bdour (1989) indicate that religious motivation appears, amongst others, to be a criterion for selecting Islamic banking though not the primary criterion. Ahmad and Haron (2002) documented evidence to the effect that the main reason why people select Islamic banking product was based on their personal perception on religious and economic considerations. Kabiru (2014) on the other hand documents evidence that religion was the primary motivation to a majority of customers to patronize Islamic bank products. The current study supports these previous authors with new evidence from a non-Islamic country newly adopting Islamic banking. The study directly answers calls by Suddin et al., (2009) and Lujja et al., (2016b) and concludes that religiosity does matter and is an important aspect in determining the urge to patronise Islamic banking.

5. Conclusion and Recommendations

The main objective of this paper was to examine the extent to which religiosity matters in explaining existing conventional commercial bank customers' propensity to patronise Islamic banking in the context of a predominantly non-Islamic country freshly adopting Islamic finance and banking. Findings of the current study show that in addition to attitude and beliefs about society expectations, existing commercial bank's propensity to select and patronise Islamic banking products will be enhanced and influenced by how strong their religious beliefs are. Religious beliefs are a mechanism through which attitudes and subjective norms impact the urge to patronise Islamic banking.

This finding is very important for conventional commercial banks in Uganda that are in the process of getting ready to structure new Islamic oriented products to their existing and potential customers. It is therefore recommended that Commercial banks, in the process of structuring new products and marketing strategies, should take into account the religious beliefs of their customers. This requires commercial banks and other similar institutions to note that principles of Islamic banking are not restricted to Muslim customers only since both holy books (*the Quran and the Bible*) do prohibit exploitation of a borrower. For example:

[…] "O those who believe do not eat up riba doubled and redoubled (Al-Quran, Surah Al-i-'Imran 3:130), and in the holy bible :

[…] One who augments wealth by exorbitant usury gathers it for another who is kind to the poor (The Holy Bible Proverbs 28:8). And [….] If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them (The Holy Bible Exodus 22:25)

There are several limitations of the study. First is the fact that our measurement is based on a cross sectional design and we are unable to observe repeated behaviour. Second, our results are based on self-reported data from existing bank customers in Kampala we are unable to reach potential customers of commercial banks and also existing customers across the country. We also do not obtain views of the commercial banks themselves. It is therefore important that future studies take these limitations into account especially after Islamic banking has operated for some time in the country. Similar studies are also recommended in the Microfinance Industry and the Insurance sector in Uganda. However we attempt to deal with these problems through the use of scales that are well established in the extant literature and do the necessary diagnostic tests to insulate our results. In this sense, our results as reported appear to be robust and can support our conclusions.

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Business Incubation in Uganda:
Services, Processes and Incubatee Perceptions- A case study

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Abstract

Purpose-This paper examines the nature of services and processes of business incubation. Its specific objectives are to establish the nature of services offered by business incubation centers in Uganda, examine the incubation process and to establish the perception of business incubatees about business incubation services using a case of FinAfrica a private social enterprise.
Methodology-This paper presents findings from one incubation center FinAfrica as a case study. Ethnographic design is adopted while observation and interview methods are used to collect data.
Results-Key services offered by FinAfrica incubation center include entrepreneurial training, provision of office space, legal and accounting services, mentoring, coaching, entrepreneurial networks and general office administration. The centre has a unique business incubation model which starts with motivating people to start businesses, capacity building, business registration, and ends with graduation after attaining capability for self-sustainability. Incubatees perceive the services offered by the incubation centre as helpful through training, affordable office space, entrepreneurial ecosystem and opportunities for a lean startup.
Implications- While this study does not offer statistical inferences for generalisation because of the qualitative design and single case, the exploration of FinAfrica provides insights about how Incubation centers need to plan for positive and sustainable entrepreneurial impact for startups. There is need for more Government and other development partners' involvement in business incubation and post incubation support for competiveness and growth.
Originality/value- This study provides insights about the key services offered in the incubation process and provides insights into the perceived benefits of business incubation. It also contributes to literature about business incubation with practical evidence from an emerging economy whose focus is on private sector development and innovation promotion.
Key words: Business incubation, incubation process and services, entrepreneurship, startup, FinAfrica.

Introduction

The 21st century has witnessed a strong need for entrepreneurial activity. This has specifically been evidenced in the need to increase economic resource utilisation through business start-ups. Having a high level of startups helps to cub unemployment (Venesaar & Loomet, 2006), reduces crime associated with redundancy (Fatoki & Chindoga, 2011) increases national revenue through export gains (Ahimbisibwe & Abaho, 2013), improves social economic welfare of households as well as increasing innovation and creating activities of economic industries (Smith, 2010). The mantle of increasing business startup has become a global agenda across all economies including international institutions such as the United Nations in cooperation with the regional blocks like the African Union through the theme of the Sustainable Development Goals.

In a local perspective, the Ugandan government strongly believes that favoring and supporting entrepreneurial startups especially at SME level plays a strategic role in economic

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growth and development by contributing to wealth creation, employment and income generation (Kasekende & Opondo, 2003). With increased business startup, the government anticipates that the Ugandan economy can attain middle income status by the year 2020 (National Development Plan II). The Government of Uganda through the Vision 2040 sees all Ugandans becoming resourceful and prosperous through gainful employment, savings and investments (Rwendeire, 2012). However, the country's ranking in competitiveness is still very low. Specifically, the World Economic Forum Report (2015-2016) indicates that Uganda ranks 115 out of 142 countries in terms of overall competiveness of its goods and services. Some of the key antecedents to this low competitiveness include low levels of innovation, poor infrastructure, low and inappropriate entrepreneurial skills, weak financial markets, poor technology, low labour market efficiency, high cost of finance and limited access to credit. In view of this, the idea of business incubation was generated to reduce these challenges (World Economic Forum (WEF, 2012-2016)).

Business incubation refers to the process of developing entrepreneurial productivity, triggering the development of feasible business ideas through exposure to different industrial and sectoral practices and shielding competition (Buys & Mbwewana, 2007; Aggarwal, 2012; Akhuemonkhan, Raimi, Patel and Fadipe, 2014). Business incubation also involves training and guiding the feasible assessment of the proposed venture resources such as finances, office space, operating space and administrative support (Xu, 2009; Aggarwal, 2012; Meru & Struwig, 2011). The primary rationale behind business incubation is to stimulate the role of small business in economic growth and social development and to address the challenges of failure of small businesses during the formative years (WEF, 2012-2016; Aggarwal, 2012).

One of the boldly mentioned strategies to achieve Uganda's Vision 2040 is to invest directly in strategic areas to stimulate the economy and facilitate private sector growth (Uganda Vision 2040 Policy paper). Some of the efforts include supporting the establishment of business incubation centers to gestate innovative businesses (Kyaruzi &Hales, 2009; Meru & Struwig, 2011). Business incubation has proved to be a key development tool for most economies such as Nigeria (Akhuemonkhan, et. al., 2014), South Africa (Dubihlela & Schaikwyk, 2014), Rwanda (Aggarwal , 2012) and others to enhance job creation, wealth creation and economic development in the society.

The concept of business incubation has been well received in Uganda at different levels providing different services. For example, institutions of higher learning such as Makerere University, Makerere University Business School and Kyambogo University have established business incubation centers to develop and churn out strong and self-sustainable businesses to drive the economic transformation of Uganda. Others include the Uganda Industrial Research Institute Business incubation center where a number of startups have been incubated, Enterprise Uganda has been running business incubation for more than eight years, FinAfrica has been running since the year 2009, Management and Training Advisory Center, Hive Calob and Commonwealth Association Uganda. All these centers have different services offered and target different sectors. This study focuses on one incubation centre (FinAfrica) to gain a deeper understanding about the process and perception of the incubatees about incubation services. This will help to build a conceptual foundation for future research and a groundbreaking insight about the nature of business incubation in Uganda.

Although the objective for which business incubation centers are established is to develop innovative and sustainable ventures (Akhuemonkhan et al., 2014;Aggarwal, 2012; WEF, 2016), it is not known whether the purpose for which the incubatees join the incubation centers is congruous with that of the centers (Meru & Struwig, 2011). The subject of business incubation is not new but it is an understudied area from the perspective of Uganda and largely Africa. There is little research that establishes the contextual nature of services and critically examines how the incubation services are delivered. This challenge is particularly prevalent in emerging economies where related studies are still nascent and scanty (Vij & Jhanji, 2013 Akhuemonkhan, et al., 2014; Wann, et al., 2017). This has not only limited efforts for further improvement of business incubation services but also may increase the risk of orphaned incubatees after exit from business incubation centres.

Theoretically, business incubatees are expected to have learnt the best practices and rules of the game of business in their respective sectors (Hackett & Dilts 2004; Xu, 2009). Knopp (1997) reports that to determine when it is time for an incubatee to leave the incubator, most centers set graduation or exit policies. Some of the most common reasons for clients to leave the incubator are that they have outgrown the available space, have spent the maximum allowable time in the incubation programme, have achieved mutually agreed upon milestones or have failed to meet certain deliverables of the programme. This has raised a number of concerns from the development partners, policy makers and some sections of the academia about the nature and relevancy of incubation services.

This study was guided by two key objectives; to examine the nature of services and processes of business incubation and to establish the perception of business incubatees about business incubation from the Ugandan perspective. The significance of this paper is three fold; to the policy makers it guides the government on how to improve business development services. Academically, it presents the debate about the effectiveness of business incubation services while practically, the paper presents business incubation from the nascent entrepreneurship perspective and suggests pragmatic interventions that can improve the effectiveness of business incubation services.

Context of the study

Business incubation programs are reported to catalyse the process of starting and growing companies by providing entrepreneurs with the expertise, networks and tools they need to make their ventures successful (Xu, 2009; Knopp, 1997). Sponsors of these programs include academic institutions, economic development groups, local governments, and community organizations (WEF, 2012; Akhuemonkhan et al., 2014; Wann et al., 2017). While incubators are designed to help entrepreneurs in building successful business ventures, research in establishing what incubatees expect and what incubators provide is still scanty (Hackett & Dilts, 2004). Even then, a detailed nature of these incubation services is not clear (Bulsara, Gandhi & Porey, 2013). The lack of clarity is tagged on the limited research efforts on business incubation process. Thus, "….it is clear that research has just begun to scratch the surface of the incubator-incubation phenomenon. While much attention has been devoted to the description of incubator facilities, less attention has been focused on the incubatees, the innovations they seek to diffuse, and the incubation outcomes that have been achieved. As interest in the incubator-incubation concept continues to grow, new research efforts should focus not only on these under-researched units of analysis, but also on the incubation process itself" (Hackett & Dilts, 2004: page 55). This has left a lot of empirical gaps in the understanding of the effectiveness of business incubation services especially in causing business startups and their subsequent success.

While the need for business incubation is ardently presumed to be the best course of action for better quality start-ups in developing economies (Mutambi, Byaruhanga, Trojer, & Buhwezi Akhuemonkhan, 2010; 2014; Wann, 2017), there is still less academic research that has tried to explain the right "formula" for success. There has been a strong mix-up between strategic management principles and entrepreneurial orientation in explaining this phenomenon (Cassia & Minola, 2012). Thus, the key question is with regard to the quality of opportunities or the quality of readiness to seize the opportunities. The strategic direction of business incubation has been well spelt and the measures of failure or success, processes and alternative interventions are clear. However, as observed by Vij and Jhanji, (2013), research in developing economies has not been well focused due to its nascence. A particular problem associated with this empirical lacuna is that it remains hard to develop valid theories related to the understanding of effective business incubation. In a scholarly perspective, there is need to gather more robust empirical evidence and other pragmatic contexts of business incubation and its impact on sustainability of incubatees.

Business incubation- Services and processes

Business incubation programs are designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed or orchestrated by the incubation programme manager, and offered both in the incubator and through its network of contacts (Shalaby, 2007). The main goal of business incubation is to create successful firms that will leave the incubation programme financially viable and freestanding. Critical to the definition of an incubator is the provision of management guidance, technical assistance, and consultancy that is tailored to the needs of new enterprises (Xu, 2009).

In a study about the nature and perceptions of business incubation in Kenya, Meru and Struwig (2011) established that there is a big difference between what business incubation service providers offer and what actually is expected by the beneficiaries. Specifically, it was reported that although entrepreneurs attach great importance to business-incubation services, actual services received fall short of their expectations. This is because most incubators are driven by the need for profit hence abandon the focus on effective service delivery. The duo define a business incubator as a nurturing environment for start-ups that provide business-support programmes and networking including physical infrastructure (in some cases) that enable businesses to develop within a controlled environment. Because some of them are based on the foundation of technical empowerment to their clients, several incubators provide training in entrepreneurship and other vocational competencies (Bøllingtoft & Ulhøi, 2005). This is usually intended to equip them with conceptual and operations management savvy.

Business incubators employ staff that usually play roles of facilitators and bridging entrepreneurs to firms and individuals providing services they need. Notable networking sessions include forming the young investors clubs (FinAfrica, 2012). In developed economies like the United States of America that started business incubation as way back as 1959 in Batavia, New York, it is reported that 83% of incubators provide entrepreneurs with access to seed capital, 76% provide assistance in obtaining federal grants while 74% assist entrepreneurs in preparing financial proposals (NBIA, 2009).

About FinAfrica

This is an enterprise development centre that was established in Uganda since 2009. The center's primary mission is to provide a hand-holding service to new and existing enterprises by providing business skills, office incubation, business advisory services and technical support for upcoming and developing entrepreneurs. FinAfrica is located at UWEAL House in the Uganda Manufacturers' Association Trade fair grounds, Lugogo Kampala. The centre was founded by Mr. Carmello Coccuzza who has done extensive entrepreneurship development work within the Sub-Saharan Africa region through the European Investment Bank. The centre has since inception nurtured a number of enterprises in various sectors ranging from services, agriculture, ICT and energy. For operations, the centre relies a lot on donor support but this is not reliable and largely unsustainable. This keeps the services disrupted by insufficient financial resources.

Theoretical review

The utilisation of theory in research has been strongly regarded by a number of scholars. Most importantly, theory helps to put research phenomena in context as stated by Parsons, (1938: pg.14) "….. I must categorically disagree with the view that any empirical science can be developed to a high point without reference to generalised conceptual schemes to theory", while enabling the researcher to develop relevant hypotheses (Carlsson, 1958). In this study, the social networking theory is considered because of its relevance in the understanding of business incubation and its dynamic causal and correlational frameworks. The social network theory is key in this study because it helps to understand how incubate firms benefit more through synergetic transactions from incubation centers than if they were running individually (Muniz et al, 2013).

It is also reported that while under the care of an incubation facility, firms build networks under the umbrella brand of the hosting incubator (Bøllingtoft& Ulhøi, 2005). Such social networks help the members to access entrepreneurial resources such as market leads, ideation sessions and other non-financial but strategic capital such as supply and value chain bridging. In this ideation process, social capital becomes an important factor of innovativeness, organisational advantage and value creation (Adlešič & Slavec, 2012). This study therefore utilises insights of social capital and networking of firms in incubators to evaluate the performance of incubators from the perspective of their incubatees. Hannon (2004) emphasises that business incubation plays a role of a "germinator" by supporting new ventures to grow with the help of local support services and entrepreneurial networks. It is further suggested that building strong and relevant networks requires incubation programmes to ensure appropriate matches between entrants' capabilities, growth potential, resource base and management capability of the incubator environment (Hannon, 2004).

Business incubation success- Drivers and indicators

Lewis, Harper-Anderson and Molnar (2011) report that no single incubator practices, policy, or service is guaranteed to produce an incubation programme successfully alone. Instead, it is the synergy among multiple practices, policies and services that produce optimal outcomes. Lewis, Harper-Anderson, and Molnar proposed a number of factors that are antecedent to the success or failure of an incubation service provider namely; sharing common management practices, incubator advisory board composition, size and age of an incubator, not focusing on profit, ownership and source of support such as public sector investment. Programs with more financial resources have more capacity to deliver critical client services and are more stable.

According to Buys and Mbwewana (2007), incubators that operate in conducive environments tend to be more successful than those that are not in such a setting. An important finding of this research was that the success factors that showed strong correlation with incubator success were also strongly correlated with each other. In the authors' view, a conducive environment comprises of access to science and technology expertise and facilities, availability of funding, quality of entrepreneurs, stakeholder support, supportive government policies, competent and motivated management, financial sustainability and networking opportunities. A key observation from Buys and Mbwewana (2007) is that for incubators to be successful, they need to develop a network so as to benefit from backward and forward linkages. From the literature, it is seen that incubator success is a function of three key factors namely good initial idea, good entrepreneur and good support. A good initial idea must be marketable, technically feasible, and innovative (Xu, 2009). The logic behind this is that if the idea is not suitable enough or entrepreneur and enterprise manager are not competent, the support of the incubator cannot develop to startup no matter how excellent it may be (Barrow, 2001).

The viewpoint of incubator support is comprehended in resource preparation, interacting with startups and entrepreneurial capacity building. Although the idea of business incubation has captured wide attention from development agencies, researchers and practitioners as an avenue for entrepreneurial stimulation, setting up a business incubator, besides sufficient resources, requires good knowledge of the target markets and industries, as well as local conditions. It is also important to note that there are different intentions for which business incubators are initiated. The purposes are based on the resources, mandate and environment in particular the business and entrepreneurial needs of the potential incubatees. Dunaj (2013) proposes the most prevalent incubation models as advisory-centric, facility-centric, management-centric and investment-centric. Dunaj (2013) reports that the advisory-centric model is predominant in the United States since there is a strong community of incubator founders and people with a lot of start-up management expertise. In this model, there is a lot of coaching and mentorship for start-up entrepreneurs. One of the benefits of this approach is the access to numerous ideas, entrepreneurs and potential acquisition targets.

The facility-centric model consists of shared office space model that works to create a cluster of entrepreneurial activity thereby enhancing collaboration among start-ups. The investment-centric model is used by large venture capital firms that couple their venturing efforts with direct participation and involvement in start-up management focusing on start-up management teams and entrepreneurially minded talents. In the management-centric model, the incubator acts as a co-founder in a start-up's early stage, providing intensive support. The model intensively involves initiation of the business idea and active involvement in start-up management. The only difference is that it offers more social capital and less financial support.

Methodology

The study employed an ethnographic approach. Ethnography involves understanding of human actions and their behavior through observing their actions without necessarily taking active roles in what they are doing (Ybema, Yanow, Wels, & Kamsteeg, 2010). This was an intrinsic case study because the focus was on gaining a deeper understanding of the business incubation process at one centre. This is different from using multiple and or instrumental case studies where a comparison is made across various case studies and not having the interest of the case study as secondary with the researchers' interest as primary. According to Stake (2005) a researcher can use one case study if the research objective is intrinsic as was with this study. Detailed notes were taken and carried out progressive analysis. The choice of ethnography was deemed as appropriate in this study because it gives an opportunity to extensively and freely interact with the study phenomenon. Gold (1958) presents four core strategies for observation in ethnographic research namely; complete participant (concealing the researcher role from the group to enable activity progression without bias), participant as observer (a researcher becomes a member of the group under study and the group is aware of the research), observer as participant (researcher is given a role to collect data while the group being studied knows of the researcher's observation activities) and complete observer (researcher is completely hidden from view by the group being studied while observing). In this study, the strategy of complete participant was used because it helped participants to behave freely in a natural environment. As noted by Stake (2005), ethnography can be used as a research design as well as a data collection tool. In this case, it was used as a data collection tool to capture the incubates perceptions, ideas, actions and nature of interaction with the incubation environment.

While it is acknowledged that there is a risk of bias in carrying out observation in an ethnographic setting, the focus was put on the human experiences and activities of the incubatees. During that period, strategies suggested by Stake (2005) and Russell (1994) namely falsification and replication of repeat experiences were largely utilized to avoid getting entangled into the personal friendship bias with the people under study. The usage of ethnography in business research is not nascent. Bøllingtoft, and Ulhøi (2005) used ethnography to study the effectiveness of networking in a business incubation setting and the results were reliable and valid.

In Uganda, the approach has been used by many such as Schneidermann (2014) while examining the everyday meanings and practices of hip-hop (a type of music). This study acknowledge other methods of research such as surveys but by the nature of the population and business processes under study, it would be difficult to answer the research questions using quantitative means because of the complexity of group behaviors and interrelationships among multifaceted dimensions of group interactions in a business incubation centre setting. Data was collected between 2010 and 2014 through interaction and observation. For purposes of scope, this paper only focuses on the nature of services, processes of business incubation and the perception of business incubatees about business incubation services. Six (6) incubatees were involved in the study. This included observing them before start-up, during the earlier stages of their businesses, the way they interacted with their clients and fellow incubatees, the way they interacted with staff at the host centre as well as their business processes. Intensive interviews were also carried out to establish more insights about the perceptions of the incubatees about FinAfrica incubation services.

Table 1: Data collection methods

Type of data	Data collection methods	Analysis strategy
Qualitative Ethnographic data	Unit of inquiry and analysis was an incubate. Structured and Unstructured Interviews: *Open questions that enable a free development of conversation* Observation: *Taking notes using log books and diaries* Interactions: *Participating in incubatees' meetings as a member of the centres, participating in management meetings of the centres, training the incubatees in entrepreneurial skilling, participating in the "Entrepreneurs' Club"on every last Friday of the month.*	Development of thematic models

In this study, an incubatee referred to someone who had registered a company through an incubation centre, had administrative operations managed by the center and was registered as an incubation client by the centre.

Results

The results are presented in tables and thematic models. The key results include; most important incubation services offered by FinAfrica, the centre's business incubation process and the perceptions of the incubatees about the services offered to them.

Service portfolios	Details
Entrepreneurship training	Developing the entrepreneurial mindset, opportunity identification, business planning, finance management, marketing management.
Office space	Work station, office telephone, meeting room
Legal advisory and accounting services	Contracting, budgeting, financing decisions, branding, registration
Mentoring, coaching	Interacting with senior consultants at FinAfrica by presenting the challenges being encountered in business and getting remedial strategies. Most of the reported challenges include marketing, bad debts and seasonality of business.
Entrepreneurial networks	The introduction of an entrepreneurs' club (e-club); a platform where nascent and practicing entrepreneurs meet every last Friday of the month to share business experiences and challenges. The club meeting time is usually 6:00-8:00 PM. The e-club attracts "senior" entrepreneurs who share success tips and how they have managed to beat the business odds.
General office administration	This involves telephone calls and general customer care, internet services, stationary and pantry services.

Table 2: Key incubation services offered by FinAfrica

It is observed in the findings that most of the services offered were advisory-centric except for office space which is facility-centric. This implies that there is no sufficient service coverage for the incubatee needs because other essential incubation services such as investment incubation for venture capital were missing. At the end, this affects the performance of the incubator because one of the key challenges of entrepreneurial startups in Uganda is lack of seed capital which could be acquired from incubation programmes. While this study acknowledges that each incubatee has own unique challenges, hence special business support needs, the challenge of venture capital is cross cutting. Thus, it is recommended that incubator managers should take interest in learning the special needs of their clients so that the support rendered to them matches their priorities and industrial context.

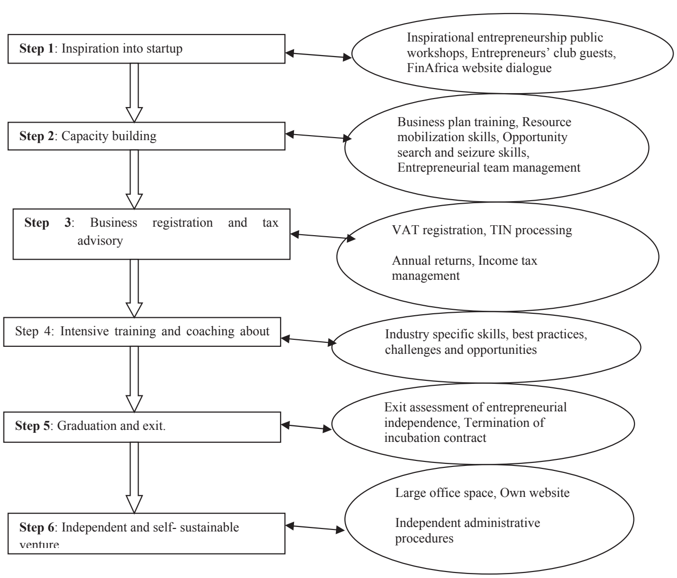

Figure 1: The FinAfrica business incubation process

It is observed in the study that FinAfrica follows six steps in the incubation process. Steps 1-6 indicate that FinAfrica nurtures from scratch and develops them into sustainable ventures. While it is a good strategy because of tailoring the special behaviors and skills required for a particular business, it is time consuming and costly in terms of resources. It also denies the incubatees an opportunity to access other experiences from the environment unless the incubators plan for benchmark engagements so as to expand the learning scope. Another observation in the results was the lack of motivation to formalise business operations (at step 3) where the incubators are expected to facilitate business registration and tax advisory, it is recommended that incubation programmes should engage other stakeholders such as National revenue authorities and Business registration bureaus to engage the incubatees in changing their mindsets about business formalisation. Such can begin with the initial step of inspiration with emphasis on the benefits of institutionalising business operations.

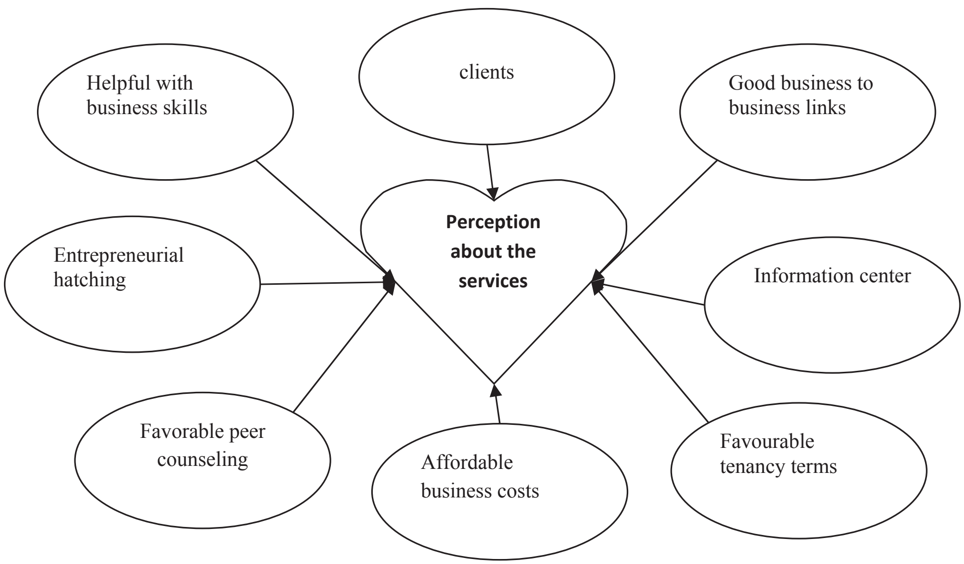

Figure 2: Perception of incubation services by incubatees

The study revealed that incubatees at FinAfrica take training services as helpful in developing their business skills and enables them to easily access clients through entrepreneurial network ties. It is also revealed that incubatees benefit from favourable tenancy terms characterised by affordable business costs such as administration, accounting and secretarial services. Being a business development centre, the incubatees recognise incubation offerings as a good platform for entrepreneurial hatching through information sharing and access to entrepreneurial peer counseling. This positive and constructive perception provides a good environment for innovation and creativity for the incubatees.

Discussion and contributions of the study

Contextual findings from this study indicate that entrepreneurial training, office space, legal advisory and accounting services, mentoring, coaching, entrepreneurial networks and general office administration are the key services offered at the FinAfrica Incubation centre.

New insights were observed about the incubation services. The FinAfrica experience is more of the facility-centric model. This is contrary to what is practiced in places like the USA where the predominant model is the advisory-centric (Dunaj, 2013). This raises a question of whether the differences in incubator services affect success. While scholars such as Gillotti and Ziegelbauer (2006) present business incubation in the context of business administration services, this study finds that there is more entrepreneurial empowerment through coaching and mentoring as well as entrepreneurial networking. From a theoretical point of view, the current study supports the social networking theory which posits that through social networks (both for the business owner and the "business's friends") there is increased opportunity to learn and access business resources at a relatively low price. The evidence for entrepreneurial networking at FinAfrica is seen through the participation of incubatees in the E-Club that meets every last Friday of the month. Other networking activities are in the peer business counseling among the centre's incubates, social support and guidance with the intervention of professionals. Customer referrals were also common practices within the incubation centre and this was based on the internal network ties among the incubatees.

In this study, it is observed that incubatees at FinAfrica can easily access the would-have been expensive services such as ICT, and legal from the internal environment due to the entrepreneurial eco-system. That could be the reason Leyden, Link and Siegel (2013) found the social networking theory key in explaining entrepreneurial success through creating opportunities and how these opportunities are formed and seized endogenously by the entrepreneurs in a closed social business environment. For the training aspect, the incubatees first receive a general training about entrepreneurship, its benefits both at individual and macro-economic level. According to the management of FinAfrica, this helps the incubatees to get inspired into the career of entrepreneurship. From there, the trainees are skilled in the key entrepreneurial procedures such as business planning. This is expected to facilitate incubatees in opportunity identification and assessment before committing business resources. Interaction with the incubatees indicates that the business training sessions help them to learn how to write business proposals while marketing their products.

In other areas such as entrepreneurial networking, the respondents acknowledged that they were able to apply the acquired skills in utilising their personal networks to access clients. A technology incubatee indicated that"[……. after the training, I recalled that I had a number of friends I used to work with at a certain bank and they gave me an opportunity to set up their network system….]. Another language services provider said;[……I use the resources at FinAfrica to widen my knowledge about business through trainings. I would highly recommend it to other starters…]. This indicates that from a practical point of view, training should be focused on the specific needs of the incubatees. Thus, incubate training needs assessment is key before instituting any form of training to avoid offering irrelevant skills.

For mentoring and coaching services, it was observed that FinAfrica has different categories of mentoring and coaching namely; a) dedicated and scheduled mentors who are contracted and assigned by the incubation centre. Incubatees are attached to the mentors for a specific period during which reports about the progress of the incubatee are made to identify the milestones and challenges, b) non-routine mentoring. Here, an incubatee can freely seek advice from any of the consultants of FinAfrica even without a scheduled appointment. For coaching, the same approach is used as mentoring.

For the incubation process, results indicated that FinAfrica clients undergo business incubation process which starts from inspiration towards startup, capacity building (through training), business registration and graduation towards exit for self-sustainability broadly classified as pre-incubation support, production and marketing support, and maturity with exit. While this process is what the incubation centre views as desirable, some incubatees come when they have the skills and they start right away by utilising the services and develop more entrepreneurial competences through business-to-business interaction and mentoring. For instance, a social entrepreneurship incubatee explained that "[……..] I came to FinAfrica because I was stuck with expensive rent in town and I found it conveniently affordable to come to this facility. I have been able to save a lot of my working capital". The findings imply that while some incubatees do not go through the entire process of business incubation, they benefit from every stage of the process.

Evidence that the incubatees benefit from the business incubation process can be seen from the perception of the incubatees about the services. A case in point is a financial service incubate who acknowledged that [….I have been able to transform my business idea into a proper business with structures, a solid brand and a reasonable growing small devoted clientele. I have recommended quite a good number of people and yes, I would do it again. I believe most start-ups are in desperate need of some of the services. FinAfrica offers specifically the training about the Entrepreneurial Mindset, Business Plan. Also, the incubation office setting enables one to conduct meaningful business since it is a very professional setting with the core facilities of a solid enterprise such as P.O. Box, Conference Room, Internet, and secure ample parking space". It can be seen in this response that while the administrative part of the incubation services is key, there are other "hygiene" benefits that the incubatees consider important in the service package such as parking space. This implies that in the location decision of business incubation centres, factors like parking and accessibility by the incubatees clients are fundamental.

Asked about FinAfrica activities such as the E-Club; an entrepreneurs' networking platform which meets every last Friday of the month, an incubatee who invested in marketing management and public relations believed that "…….another important factor is the E-club which gives us ability to network and learn from successful entrepreneurs as well as receiving free tips and knowledge from experienced professionals. The same incubate expressed that"[…..]; Yes I benefit from FinAfrica because some E-Club members become my clients, while for others I become their client, most importantly I have formed beneficial relationships with my fellow incubatees".

After a critical synthesis of the perceptions, services and business incubation process, a business incubation model is proposed in Figure 3. The model is a result of synthesis of the case and it emerges from a deductive fusion of the results. Some of the aspects of the model include role modeling. Role modeling as a behavioral and social learning construct borrows from the Social Learning Theory (Bandura, 1969).

In a business incubation setting, role modeling manifests itself through incubatees learning from one another through observation, imitation and inspiration. This builds incubatee attention, memory and motivation to succeed through either direct contact or indirect knowledge about the centre's success stories through reciprocal determinism. This model can guide the operations of other business incubation centers as well as other individuals and organisations that intend to open up business incubation centers. Theoretically, this model can be used by entrepreneurship researchers and business development service providers as a tool in examining the role of business incubation in the entrepreneurial process. At the terminal point of graduation and exit, the incubatees become alumni of the centre and some are taken up as coaches and mentors since they will have accumulated the experiences and lessons learned. This supports the development of an entrepreneurial ecosystem. Future research can utilise the model in examining the role of different incubation services in entrepreneurial growth and sustainability. Future research should evaluate entrepreneurs' perceptions of business incubation services in Uganda based on longitudinal studies, including an in-depth analysis of the effect of incubation on growth of the business.

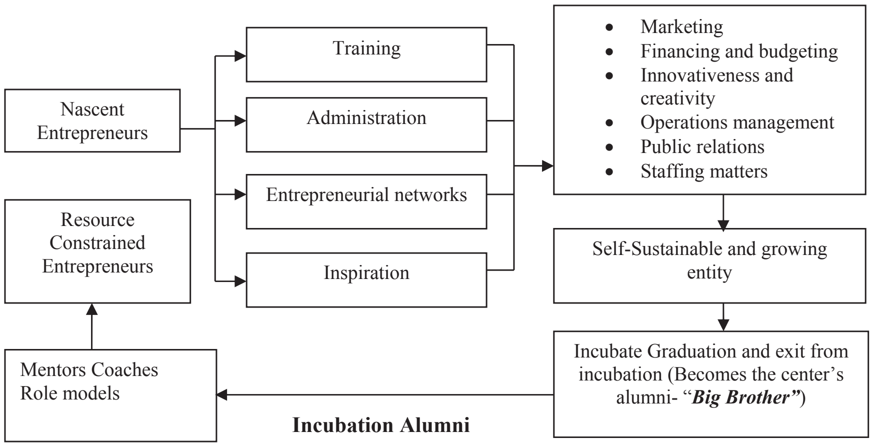

Figure 3: The Business Incubation Model

Conclusion and recommendations

From the FinAfrica experience, a contextual conclusion that the services offered by business incubation are key in the success of any start-up is made. Incubation programmes create opportunities of entrepreneurial fast-tracking, networking and relatively cheaper access to technical services. That is why some respondents were saying that they found the rent conveniently affordable hence able to save a lot of working capital alongside other benefits such as ability to network and learn from successful entrepreneurs as well receiving free tips and knowledge from experienced professionals.

From the managerial and policy context, there is need for more stakeholder engagement in the incubation process. In this, the government, development partners, private sector and academia should come together to develop effective incubation programmes. In such relationships, the government regulates and provides convenient and supportive environment while on the other hand, stakeholders such as private sector focus on generating creative and innovative strategies for commercialisation and strategic growth. Institutions of higher learning can join the incubation equation through the provision of skills and carrying out research for competitive innovation. If done well, stakeholder involvement in business incubation helps to make research outcomes of SMEs useful for economic growth and entrepreneurship development in Uganda and other related economies.

By the nature of the limitations of qualitative research, future studies need to introduce quantitative contexts especially on the econometric measures of incubatees' success. In order to strengthen the debate about the services offered by business incubators, future research can also carry out tracer studies to establish how well or bad the incubatees perform after exiting the programmes. This will help to establish their post-incubation business support needs. In Africa this has been a big challenge where most people have received start-up support and only end up failing due to lack of sufficient technical support.

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