**Foreign ownership and corporate sustainability disclosure practices among East African Community listed firms**

**ABSTRACT**

**Aim**: The objective of this study is to investigate the potential impacts of foreign ownership on the corporate sustainability disclosure (CSD) among listed firms in the East Africa Community (EAC) partner states.

**Methodology:** The study employed panel data from the year 2012 to 2022 that was extracted from 55 firms listed in EAC’s partner states stock/securities exchanges. The data on foreign ownership and corporate sustainability disclosure was obtained from the individual firm’s annual reports and the standalone sustainability reports. While, corporate sustainability was measured using the global reporting initiatives (GRI-4) content analysis. This study employed the OLS and the fixed effect panel data regression model.

**Results**: The empirical results indicated that foreign ownership had a positive and significant effect on CSD. Whereas having an individual assessment, we found that foreign ownership is positively associated with corporate sustainability disclosure practices.

**Conclusion**: Based on the findings, the study concluded that foreign ownership effectively improves sustainability disclosure practices among firms in developing regions such as EAC. This could be attributed to the fact that foreign investors demand more corporate disclosure and transparency to lessen information asymmetry.

**Implication**: Results from this study have practical, theoretical, and policy implications. For instance, regulatory institutions need to reconsider the policy guidelines subject to ownership and activism of foreign shareholders in both among listed firms to enhance the sustainability disclosure practices. On the other hands, corporate managers should embrace disclosure practices that are in line with ownership types. From a scientific perspective, the paper adds to the emerging literature on ownership structure and corporate social and environmental performance.

**Keyword: Corporate sustainability disclosure, GRI, foreign ownership, East Africa Community**

1. **Introduction**

“In the past two decades, corporations have been exposed to extensive pressure from society and regulators (e.g. Carbon Disclosure Project (CDP), the Kyoto Protocol of the United Nations Framework Convention on Climate Change) for higher accountability on climate change and environmental issues” (Toukabri, 2024). “As a consequence of these worldwide calls, firms’ sensitivity and awareness of environmental issues have increased significantly. Given that firms’ reputation and existence in the market at stake” (Dintimala & Amril, 2018), “in addition to increasing sensitivity and awareness, to provide a positive signal on the market, firms also direct their attention in communicating their environmental actions with their stakeholders. Consequently, more and more firms start with enhanced disclosures on environmental issues.Environmental sustainability reporting is an important means of accelerating transparency and informing stakeholders about organizations’ short- and long-term strategies and policies regarding the natural environment” (Perrault & Clark 2016). “It is also evident that environmental issues have become an important parameter for firms to gain a competitive business advantage and reputation” (Xuetong et al., 2024). Further, de Villiers et al. (2011) identified “two reasons for increased environmental sustainability performance in the last decade. First, firms with environmental sustainability are more likely to gain better economic performance. Second, environmental sustainability reporting enhances organizations’ internal and external legitimacy by implementing recognized standards, such as Global Reporting Initiative (GRI) and the ISO 26000. Moreover, corporate sustainability reporting has recently gained momentum with academics, managers, and government policymakers in three core values—economic, environmental, and societal—similar to the triple bottom line concept” (Elkington 1998). “Prior researchers have argued that corporate social and environmental information practices not only enhance an organizations’ reputations and management’s decision-making capacity regarding environmental policies and strategies, but also their visibility to diverse stakeholders regarding pollution, energy conversion, human rights, and community development issues” (Perrault and Clark 2016; de Villiers et al. 2011; Comyns 2016; Barbosa et al., 2025).

“Agency theory suggests that increased ESRP practices reduce the agency problem between managers and foreign shareholders, as they hold a high proportion of shares and possess different values and knowledge” (Jensen and Meckling 1976; Harjoto and Jo 2011; Khan et al. 2013; Oh et al. 2011). “The resource dependency theory also posits that foreign shareowners with diversified experience form different cultures to play pivotal roles in nominating board representatives, and thus, require more information disclosure” (Khan et al. 2013; Oh et al. 2011). “As an influential group of diverse shareholder groups, foreign investors also act as company watchdogs and maintain relationships with national and international environmental activist groups. Moreover, home (or foreign) countries’ legal and ethical regulations also influence their legitimization with foreign (or home) countries’ social values and expectations” (Faller & Zu Knyphausen-Aufseß 2016). “Additionally, foreign investors concerned with environmental issues will influence domestic companies’ management to comply with environmental regulations and disclose more ESRP information to minimize political costs” (Gamerschlag et al. 2011; Delgado-Márquez et al. 2016). “Prior researchers have also discovered a positive, significant relationship between foreign ownership and disclosure” (Al Amosh & Khatib, 2022).. Further, Khan et al. (2013) and Khan (2010) discovered a positive relationship between foreign ownership and the CSR disclosure of listed companies in Bangladesh, and concluded that foreign owners are more proactive in their CSR disclosure and the study is consistent to Ganapathy and Kabra 2017 (India). “Prior literature indicates that foreign investors can force domestic companies to establish and maintain transparent, strong corporate governance codes of conducts, and push them to disclose environmental information” (Fan et al, 2024). “Moreover, prior literature also documents that foreign investors compel management to invest in socially responsible projects and disclose all related environmental information to avoid the risk of losing—or to attain—profit maximization” (Das et al., 2024; Masud et al. 2018).

“Broad research has been conducted in the environmental sustainability reporting field due to the continuing magnitude of environmental problems and an emphasis on the triple bottom line approach to business management” (Barker, 2025; Githaiga, 2025; Mol et al., 2025). “To date, the associations between environmental sustainability and ownership structure have been empirically analyzed as to developed countries such as Australia, the United Kingdom, Canada, the United States, and other European countries” ( Perrault & Clark 2016; Delgado-Márquez et al. 2016). “However, developing countries linger far behind his research, and especially in the EAC region” (Githaiga & Kosgei, 2023). “Hence, this study seeks to examine the effect of foreign ownership on corporate sustainability disclosure among firms listed in the East Africa Community (EAC), which is a developing region. EAC consists of eight countries—Kenya, Uganda, Tanzania, the Rwanda, Somalia, DRC Congo, Burundi, and Sri South Sudan—with a population of 331.1 million, equivalent to 4.1% of the world’s population” (World Bank 2017). “EAC is the fastest-growing region worldwide, with economic growth forecast at 5.3% in 2024” (World Bank 2023). Most of the EAC countries are being affected by global warming as sea levels and temperatures rise.

The rest of the paper is organized as follows. The next section presents the hypothesis development. Section 3 discusses the methodology. Section 4 the findings and discussions. Section 5 concludes.

1. **Review of literature and hypothesis development**

Previous studies indicate that ownership structure serves as a governance mechanism influencing corporate behavior, strategic decisions, performance, and value Wang et al., 2023; Kavadis & Thomsen, 2023). Foreign shareholders can affect internal business practices (Huang et al., 2023) and may enhance performance (Roedder & Schmid, 2025). Western methodologies introduced by foreign investors may affect trends in CSR execution within enterprises in emerging nations (Tokas & Yadav, 2023). Robust corporate governance frameworks and political institutions, along with a lack of corruption, significantly influence socially responsible conduct in firms from emerging nations via foreign ownership (Claessens & Yurtoglu, 2013). Foreign investors foster transparent corporate governance, hence motivating corporations to participate in CSR initiatives (Oh et al., 2011). Chapple and Moon (2005) indicate that globalization and foreign ownership have contributed to the advancement of CSR in Asian nations. Brancato (1997) and Huafang and Jianguo (2007) corroborate similar findings, demonstrating that investors from the US and Europe often exert pressure on foreign enterprises to align their CSR policies with their own experience and expertise in the domain. Furthermore, investing in a company from a foreign, particularly rising, nation might entail significant risks, prompting investors to seek various methods to mitigate uncertainty. One alternative is to invest in companies that seek to uphold credibility and legitimacy as responsible societal participants in a collective environment (Jamali & Mirshak, 2007). Foreign investors typically select companies that voluntarily provide greater transparency, including non-financial information about corporate social responsibility (CSR) (Siegel & Vitaliano, 2007). Consequently, companies from emerging economies strive for alignment between organizational practices and institutional pressures by identifying legitimacy discrepancies and improving transparency to guarantee responsibility to foreign investors (Amran & Devi, 2008). The corporate governance structure and ownership composition are crucial for comprehending organizations' actions in pursuing legitimacy via CSR disclosure.

Foreign investors are physically far from investee enterprises and encounter fewer informal channels, along with language, cultural, and legal obstacles. Consequently, overseas investors may experience an informational deficit relative to domestic investors, resulting in additional expenses for information acquisition. Consequently, overseas investors possess a stronger motivation to navigate informational opacity compared to educated domestic investors. Voluntary disclosure serves as a method for conveying information. From a corporate perspective, companies are driven to meet the requirements of international investors, as this might enhance their ability to recruit or retain further foreign capital by broadening their shareholder base. Consequently, diminishing knowledge asymmetry is a primary purpose of foreign investors. Kim et al., (2021) assert that foreign investors serve as information mediators with enhanced capabilities in analysis and interpretation, so mitigating information asymmetry and ultimately augmenting information openness. Bhojraj and Sengupta (2003) posited that foreign investors are adept at gathering and interpreting information.

Furthermore, the functions of foreign investors are bolstered by the efficient monitoring hypothesis, which asserts that foreign investors possess a greater capacity for gathering, analysing, and selling private information. Moreover, foreign investors are perceived as specialized entities possessing advanced research methodologies, substantial resources, and knowledge from prior transactions, in contrast to domestic investors. Moreover, foreign investors are seen as elite information processors possessing important insights that favourably influence emerging markets. Foreign investors implement indirect or direct monitoring measures in emerging markets, and irrespective of the method, they enhance corporate governance systems. Aggarwal et al. (2013) discovered that foreign investors can incentivize enterprises to enhance performance by appointing an adequate number of external directors. Moreover, foreign investors possess privileged information as they can obtain confidential insights from the portfolios of their privately engaged analysts. This information is utilized to assess a company's technological capability, a product's market share, and the intrinsic value of a firm's earnings projection. Furthermore, the privately engaged analysts maintain tight relationships with the managers. Foreign investors have allocated substantial resources, and these affiliations are utilized to oversee company management decisions and public policy.

“Agency theory explains the relationship between the owners (shareholders) and management, in which owners appoint management to serve best on their behalf” (Jensen & Meckling 1976; Hillman & Dalziel 2003). However, a conflict exists regarding the goals of the owner and agent due to managers’ inclination toward controlling business policy and strategy to enhance their short-term interests, rather than to make long-term decisions. Further, de Villiers et al. (2011) define “agency theory in terms of monitoring and incentives, a board is responsible for monitoring the top management’s environmental policy, strategy, investments, and reporting. Thus, the ESRP significantly relates to the firm’s long-term decisions and investments in environmental initiatives as enacted by top management. However, this management may be reluctant to incur expenses, such as R&D expenditures, unless these ensure an immediate financial benefit; management more commonly focuses on short-term investments that will enhance both financial and nonfinancial opportunities” (Chan et al. 2014; Hillman and Dalziel 2003). “Moreover, ESRP is considered as an opportunistic, transparent and credible mechanism to reduce information asymmetry between agents and owners. Existing agency conflicts regarding environmental decision can be mitigated by ESRP practices as well as utilizing stakeholder’s advocacy by the management” (Cespa and Cestone 2007). “Therefore, managers’ incentive to engage in ESRP would be larger when corporate governance is stronger. The resource dependency theory also posits that foreign shareowners with diversified experience form different cultures to play pivotal roles in nominating board representatives, and thus, require more information disclosure” (Khan et al. 2013; Oh et al. 2011). “As an influential group of diverse shareholder groups, foreign investors also act as company watchdogs and maintain relationships with national and international environmental activist groups. Moreover, home (or foreign) countries’ legal and ethical regulations also influence their legitimization with foreign (or home) countries’ social values and expectations” (Faller & Zu Knyphausen-Aufseß 2016). “Additionally, foreign investors concerned with environmental issues will influence domestic companies’ management to comply with environmental regulations and disclose more ESRP information to minimize political costs” (Gamerschlag et al. 2011; Delgado-Márquez et al. 2016)

In contrast to local investors, foreign investors experience severe information asymmetry, which causes them to favor domestic stocks, a phenomenon known as "home bias" Lewis (1999). The findings of Lel (2017) and Kim *et al.,* (2016) provide support to this claim by showing that firms with larger agency conflicts and information asymmetries exhibit a greater degree of foreign investor monitoring efficacy. Additionally, according to Kim *et al.,* (2016), “firms with weak corporate governance systems are more susceptible to the effectiveness of foreign investors' scrutiny. As was previously argued, the basis of foreign investors' investment decisions is the informational deficiencies they suffer in relation to domestic investors. Empirical studies further demonstrate that foreign investors choose equity shares in firms with low information asymmetry over those with high information asymmetry”. For instance, Jiang and Kim (2004) found that “the information asymmetry between firms and the market is inversely related to foreign ownership using a sample of Japanese companies”. Kang and Stulz (1997) found that “Japanese foreign investors prefer companies with strong financial performance, low risk and low leverage”. A study by Lin and Shiu (2003) that “focused on the Taiwan stock market found that foreign investors seem to favor large companies, with low book to market stock and a high export ratio, this phenomenon was attributed to low information asymmetry”. In the Taiwan stock market, a study by Lin and Shiu (2003) found that “foreign investors appeared to favor large companies with low book to market stock ratios and high export ratios. This investment behavior was attributed to a lack of information asymmetry”.

Studies show that other shareholders view the presence of foreign investors in a firm's ownership structure positively, which enhances the profitability and value of the firm. Using a sample of 10,151 firm-year observations drawn from Taiwanese listed firms over the period 1997 -2015, Kao, Hodgkinson and Jaafar (2018) found that “foreign ownership had a positive and significant effect on firm performance. Although there are numerous studies that link foreign ownership to higher firm value, empirical research reveals conflicting results”. Mishra (2014) used “a sample of Australian firms between 2001 and 2009 and found that foreign institutional ownership had a positive and significant effect on firm value. Conversely, using a sample of 45,617 firm-year observations drawn from 3,141 publicly listed Japanese firms during the 1990–2016 period”, Likitwongkajon and Vithessonthi (2020) found that foreign ownership was negatively associated with firm value

Ferris and Park (2005) investigated “the relationship between foreign ownership and business value using data gathered from 945 Japanese enterprises between 1995 and 1997. The findings of this study demonstrated that firm value increased up to a point where foreign ownership was roughly 40%, after which it started to decrease. The authors attributed these findings to the fact that R&D fell as foreign ownership increased. The authors further argued that whereas industrial owners often spend more on R&D domestically, they typically spend less on R&D overseas. Using a sample of 145 firm-year observations from 29 listed banks in the Dhaka Stock Exchange (DSE) of Bangladesh from 2016 to 2020 and the generalized method of moments (GMM),” Das et al., (2024) found that “managerial and foreign ownership, significantly impact SR disclosure.  Using a large sample of publicly listed firms between 2010 and 2016 in Taiwan where the types of foreign ownership include foreign trust funds, foreign financial institutions and other foreign legal entities,” Liou et al., (2023) found “a positive association between ownership and sustainability disclosure. By analysing a sample of 1,260 firm-year observations from BRICS for the period 2010–2019, the ordinary least squares (OLS) and instrumental variables (IV) two-stage least squares (2SLS) regressions for data analysis,” Nuhu and Alam (2024) reported that “foreign ownership, managerial ownership and blockholder ownership have a positive and statistically significant impact on the level of sustainability reporting. Employing a sample of 138 firms listed on the Pakistan Stock Exchange for the years 2009–2018”. Hasan et al., (2022) found that “gender-diverse boards, larger audit committees and higher institutional ownership are more likely to issue sustainability reports. On the other hand, the authors found that concentrated ownership, managerial ownership, foreign ownership and audit committee independence negatively influence the firms' sustainability reporting decision. Based on the literature, the following hypotheses is formulated:”

H1. Foreign ownership is positively associated with corporate sustainability disclosure.

1. **Methodology**
	1. *Sample selection*

The study population consisted of all listed firms in East Africa partner states. Rwanda 10, Kenya 67, Uganda 17 and Dar-es-salaam Stock Exchange 28. Exclude Burundi as it doesn't have a securities exchange. The inclusion and exclusion criterion was based on three criteria’s, first is whether the firm has been operating over the study period of 2012 to 2022, secondly the firm should have complete data and has not undergone major restructuring such as merger or acquisition which may impair consistency of the data, thirdly the firms which are cross-listed in the EAC where their financial performance data was be obtained from group accounts where the firm was incorporated. Upon applying the inclusion/exclusion criteria the final sample was 55 firms over a period of 11 years that yielded 605 firm-years observations.

* 1. *Variables measurement*

*Dependent variable*- The proxy variable that will be utilized is corporate sustainability disclosure (CSD). The study employed the GRI content analysis to measure this variable. The GRI-G4 guidelines are the robust disclosing guidelines on corporate economic, social and environmental information (Dissanayake et al. 2016; Comyns 2016; Githaiga, 2025). This also considers the differences in the numbers of environmental indicators between the G3 and G4 guidelines. Report Disclosure Index), which is governed by GRI-G4 guidelines. There are nine disclosures in the economic dimension, thirty in the environmental dimension, and forty in the social dimension. Based on the level “0” none disclosure “1” if mentioned and “2” detailed disclosure. Hence, a firm’s CSD disclosure is the ratio of the scores obtained to a maximum score of 158 (79\*).

*Independent variable*

Foreign ownership the percentage equity ownership of foreign investors (Takahashi & Yamada, 2021). Foreign ownership therefore signifies the proportion of a firm’s ownership that is in the hands of individual or company who is not the citizen of the country where the company was incorporated.

*Control variables*

The study incorporated a set of control variables that may affect corporate disclosure practices. Firm age measured as the natural logarithm of the number of years since incorporation (Abdelazim et al.,2025). Older firms are generally more acquainted with the environment and community in which they function, and their attributes are anticipated to promote responsible citizenship by providing greater transparency regarding sustainability initiatives (Al-Qudah & Houcine, 2024). Furthermore, older organizations recognize the need of extensive sustainability disclosure in attracting investors and enhancing their reputation. Firm performance measured as the ratio of net profit to total assets (Al-Homaidi et al., 2020). Al Lawati et al., (2023) found that profitable firms disclose more environmental information. Firm leverage, the ratio of debt to total assets (Saleh et al., 2025). Clarkson et al. (2008), found that higher leverage firms intend to disclose more environmental information. Finally, the study controlled for firm size, the logarithm of total assets (Hapsoro & Falih, 2020). Large corporations are more predisposed to reveal environmental information due to their significant visibility and social standing (Comyns, 2016).

* 1. *Regression model*

We used an ordinary least squares regression analysis to test the hypotheses. All eight variables of interest were regressed using corporate sustainability disclosure as a dependent variable. The other variables were then included in the model as control variables.

$$DPR= β\_{0}+β\_{1}CSDI\_{it}+β\_{2}ROA\_{it} +β\_{3}LEV\_{it}+ β\_{4}FA\_{it}+β\_{5}FS\_{it} +β\_{6}FOWN\_{it}+ε\_{it}$$

Where DPR is the dividend payout ratio; CSDI is the corporate sustainability disclosure index; ROA is the return on assets; LEV is leverage; FA is the firm age, FS is the firm size and FOWN is foreign ownership

1. **Results and discussions**
	1. *Descriptives*

Table I shows the descriptive statistics for all the variables used in the study. The table indicates that the mean CSD was 0.218 (minimum= 0.000 and maximum = 0.785; standard deviation 0.169). Further, foreign ownership had a mean of .096 (minimum= 0.00 and maximum = 0.416; standard deviation = 0.101). The mean firm age was 3.461 (minimum= 0.000 and maximum = 4.736; standard deviation = 0.783). The mean firm size was 10.022 (minimum=8.788 and maximum = 12.466; standard deviation = 1.477). Besides, the average leverage was at 0.556 (minimum= 0.183 and maximum = 0.955; standard deviation 0.183). Finally, the mean return on assets was 0.065 (minimum= -.295 and maximum = 0.458; standard deviation 0.114).

Table I.Descriptive statistics for all the variables

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variable | Obs | Mean | Std. Dev. | Min | Max |
| CSD | 605 | .2176363 | .1694026 | 0.000 | .7848101 |
| ROA | 605 | .0651605 | .1142378 | -.2950849 | .4581577 |
| LEV | 605 | .5566202 | .1830846 | .1764856 | .9548544 |
| FS | 605 | 10.02187 | 1.477211 | 2.585027 | 12.46604 |
| FA | 605 | 3.460913 | .7830156 | 0.000 | 4.736198 |
| FOWN | 605 | .0959751 | .1009648 | 0.000 | .4162683 |
| Note |  |  |  |  |  |

**Source: Authors’ computations**

* 1. *Correlation analysis*

Table II presents the correlation matrix for the variables used in the study. corporate sustainability disclosure (CSD) score is positively associated with foreign ownership (FOWN), return on assets (ROA), firm age (FA) and firm size (FS), while leverage (LEV) indicate a negative and significant correlation.

Table II. Correlation

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | CSD | ROA | LEV | FS | FA | FOWN |
| CSD | 1.0000  |  |  |  |  |  |
| ROA | 0.6202\* | 1.0000  |  |  |  |  |
| LEV | -0.3865\* | -0.2998\* | 1.0000  |  |  |  |
| FS | 0.4912\* | 0.2386\* | -0.0225 | 1.0000  |  |  |
| FA | 0.0522 | 0.0977\* | -0.1960\* | -0.0277 | 1.0000  |  |
| FOWN | 0.4840\* | 0.2887\* | -0.3458\* | 0.2628\* | -0.0210 | 1.0000  |
| Note(s) \*p<0.05Source. Authors’ computations |

* 1. *Regression results*

The study used the ordinary least square (OLS) regression results to test the hypothesis. While the fixed effect regression was used as an additional estimation model. The results are presented in table II. The study found that FOWN is positively linked to CSD indicating that firms with a higher proportion of foreign ownership are more likely to publish corporate sustainability reports (coefficient .076, p < 0.01). These findings are consistent with the expectations of H1, and suggest that foreign investors in EAC firms tend to protect the interests of all stakeholders. Hence, the hypothesis (H1) is accepted, and the results remain consistent under the fixed effect model (FEM). The extant literature provides that foreign ownership in EAC listed firms is positively related to corporate social responsibility performance, as these investors are concerned more in social and environmental performance, while less in concerned on financial. In contrast, Matuszak, Różańska, and Macuda (2019) found that foreign investors have less moral attachment and for that reason negatively influence the level of CSR disclosures in Polish firms.

Moreover, the OLS regression reveals that firm size (FS) (Coeff 0.237) and return on assets (ROA) (Coeff 0.181) have a positive impact on the voluntary sustainability reporting decision, which are consistent with the prior studies (Artiach et al. 2010; Dienes, Sassen, and Fischer 2016; Herda, Taylor, and Winterbotham 2012; Muttakin and Khan 2014; Oh, Cha, and Chang 2017. On the other hand, leverage (LEV) (Coeff -0.063) and firm age (FA) (-0.12) have a negative effect on corporate sustainability disclosure practices

“This study supports previous studies that find foreign investors experience higher information asymmetry due to their different geographic locations” (Wicaksono & Setiawan, 2022). “However, our finding suggests that institutional investors from developed and developing countries have different effects on environmental disclosure in Indonesian companies. Our results show that investors from developed countries may suffer higher information asymmetry problems than developing countries in both sensitive and nonsensitive industries. This argument is reasonable because EAC is geographically located in Sub-Saharan Africa, where almost all countries in this region are classified as developing countries. There is a long geographical distance between EAC and most developed countries, so investors from developing countries have many limitations in supervising companies’ activities. Hence, they press companies to disclose corporate information to monitor the companies, predict prospects and reduce agency costs. The other potential reason is that investors from developed countries have a better understanding and experience in sustainability and disclosure practices than developing countries” (Bhatia and Makkar, 2020). “As documented in previous studies, developed countries are pioneers of non-financial reporting, so investors are familiar with accountability and transparency practices, including environmental disclosure” (Wicaksono et al., 2024) such as the USA, United Kingdom and Japan (IDX Channel, 2022). As our finding reveals a significant impact of institutional investors from developed countries, it can be said that investors from developed countries strongly influence environmental performance of Indonesian companies. It confirms the finding of Oh et al. (2011) that “shareholders from developed countries largely influence CSR implementation in Asian countries. Investors want to promote accountability and transparency so that they urge Indonesian companies’ managers to be concerned not only about financial aspects but also non-financial aspects such as environmental issues. Thus, environmental disclosure is produced to meet the demand and pressure of investors from developed countries”.

Table III. Regression analysis

|  |  |  |
| --- | --- | --- |
|  | OLS | FEM |
| CSD | Coef. | Std. Err. |
| ROA | .237(0.015)\*\* | .075(0.015)\*\* |
| LEV | -.063(0.008)\*\* | -.024(0.009)\*\* |
| FS | .181(0.014)\*\* | .301(0.026)\*\* |
| FA | -.012(0.015) | .011(0.013) |
| FOWN | .076(0.014)\*\* | .067(0.024)\*\* |
| \_cons | -.357(0.036)\*\* | -.644/90.057)\*\* |
| r-squared  | 0.5951 | 0.4427 |
| F value | 178.55 | 36.91 |
| Hausman |  | 44.14 |
| Prob>chi2 |  | 0.000 |

Source: Authors’ computation; \*p<0.05’ Standard error (Std. Err) in parenthesis.

1. **Conclusion**

Due to heightened corporate accountability for social and environmental issues, there have been demands for firms to adopt corporate sustainability initiatives and disclosure procedures. Nevertheless, research persists in examining the factors influencing business sustainability disclosure policies, especially in developing nations. The objective of this study was to investigate the relationship between foreign ownership and corporate sustainability disclosure among enterprises listed in the East Africa Community. This study examined data from 55 publicly traded companies spanning the years 2012 to 2022 to evaluate the hypothesis. The regression results provided empirical evidence that foreign ownership structure positively influences a firm's environmental and social performance. The study indicates that governments should contemplate strategies to enhance foreign investments or engage foreign owners to contribute to social and environmental projects. The management implication entails the adoption of a comprehensive environmental strategy; also, this study advocates for various stakeholders and activist groups to vigorously advocate for corporate sustainability initiatives. Notwithstanding its previously indicated contributions, our study possesses significant drawbacks. We established CSD scores in accordance with GRI rules; nevertheless, these reporting standards may not accurately represent organizations' environmental sustainability disclosure performance. Ultimately, subsequent research may utilize a longitudinal study encompassing all developing nations.

**Contribution**

Both authors contributed equally in the conceptualization of the article, writing, data collection and analysis

**Disclaimer (Artificial intelligence)**

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2.

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**Reference**

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