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Board Independence, Ownership Structure and Sustainability Reporting: Evidence from East African Listed Firms

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Abstract

This study examined whether board independence moderated the association between ownership structure and sustainability reporting among non-financial listed firms in four East African Community capital markets. The analysis considered managerial ownership, foreign ownership, ownership concentration and institutional ownership. Prior research has reported inconsistent ownership–disclosure relationships and has often treated board independence as an isolated governance attribute rather than a condition shaping shareholder monitoring. Evidence simultaneously covering multiple ownership categories and East African markets remains limited. The study applied a positivist, explanatory longitudinal design using publicly available corporate reports and websites for 51 listed firms in Kenya, Tanzania, Uganda and Rwanda between 2015 and 2024, producing 510 firm-year observations. Sustainability reporting was measured through an economic, environmental and social disclosure index based on Global Reporting Initiative principles. Random-effects panel regression incorporated ownership variables, board independence, firm size, leverage and four ownership-by-independence interactions. Board independence was positively associated with sustainability reporting in the model without interactions (reported coefficient = 0.3240, $p < .001$). All four interactions were positive in the final model: managerial ownership (0.2708, $p = .010$), foreign ownership (0.4549, $p < .001$), ownership concentration (0.5657, $p < .001$) and institutional ownership (0.1064, $p = .002$). The overall R^2 was .5011. These estimates show conditional associations, not proof that independent directors caused disclosure improvements. Board independence was a consistent positive moderator of the relationships between the four ownership categories and disclosure extent. The results highlight the value of examining ownership and board oversight jointly in governance research and offer evidence relevant to boards, investors and market regulators. Interpretation remains constrained by observational data, reporting-based measurement and unverified model specification details.

Keywords: board independence; sustainability reporting; ownership structure; managerial ownership; foreign ownership; institutional ownership; East African Community

1.0 Introduction

Sustainability reporting has moved from the margins of corporate communication to a more central position in governance, accountability and investment decision-making. Firms are increasingly expected to explain not only their financial outcomes but also their environmental, social and governance impacts. International developments such as the Global Reporting Initiative standards and the IFRS Sustainability Disclosure Standards have reinforced expectations for structured, comparable and decision-useful sustainability information. Yet the extent and quality of reporting remain uneven, particularly in emerging capital markets where disclosure systems, enforcement arrangements and market institutions continue to develop.

The East African Community provides an important setting for examining this problem. Kenya, Tanzania, Uganda and Rwanda operate established securities exchanges, but sustainability reporting across these markets remains uneven and is still shaped by a combination of voluntary practice, emerging regulatory guidance and firm-level governance. In such an environment, internal governance mechanisms may be especially important in determining whether firms disclose meaningful economic, environmental and social information. The underlying research documents substantial variation in sustainability reporting among listed firms and identifies ownership structure and board independence as central governance mechanisms through which that variation may be explained.

Ownership structure affects both the incentives and the capacity of shareholders to monitor managers and demand information. Managerial owners may have stronger incentives to protect long-term firm value because their personal wealth is tied to corporate outcomes. Foreign investors may demand disclosure that meets international expectations and allows them to monitor firms from a distance. Concentrated shareholders may possess the voting power and economic exposure needed to discipline management, while institutional investors can draw on professional expertise, engagement mechanisms and fiduciary responsibilities to press for decision-useful information. These mechanisms, however, do not operate in isolation. Their effectiveness can depend on the board through which shareholder monitoring and corporate accountability are translated into organizational action.

Board independence is therefore a potentially important governance contingency. Independent non-executive directors are expected to exercise oversight without being directly involved in daily management. Their position can allow them to challenge selective disclosure, question managerial decisions, protect minority and other stakeholder interests, and bring external knowledge and legitimacy into board deliberations. In a context where ownership can be concentrated and reporting requirements are evolving, independent directors may determine whether shareholder influence results in greater transparency or remains private, selective or management-controlled.

Prior evidence on board independence and sustainability disclosure is not uniform. Al Amosh and Khatib (2022) found that board independence strengthened selected ownership–ESG disclosure relationships in Jordan, while Noor *et al.* (2025) reported a moderating role for board independence in sustainability reporting. African evidence has also linked board independence with stronger ESG outcomes and disclosure (Agnese *et al.*, 2024; Anifowose, 2026; Scholtz & Kieviet, 2026). However, other work reports negative or statistically insignificant effects, suggesting that formal independence does not automatically translate into effective sustainability oversight (Alta'any *et al.*, 2024; Darteh & Fiorani, 2025). These mixed findings imply that board independence should

be examined not simply as another board characteristic but as a condition that may change how other governance mechanisms operate.

The empirical literature also remains fragmented by ownership category, country and sector. Studies frequently examine one form of ownership, a single national market or a short observation period. Das *et al.* (2024), for example, examine ownership type and sustainability reporting in an emerging-market banking setting, while Kibet *et al.* (2025) focus on foreign ownership in the EAC. Such studies are useful, but they do not show whether one board mechanism systematically conditions several distinct ownership incentives within the same institutional setting and model.

This article addresses a specific empirical gap: limited multi-country evidence on whether board independence conditions the associations of four distinct ownership dimensions with sustainability reporting in East African capital markets. It estimates each ownership-by-independence interaction in a common panel model rather than assuming that owners exert an equivalent disclosure influence across governance settings (Al Amosh & Khatib, 2022; Noor *et al.*, 2025). The analysis uses 51 firms over 2015–2024; the findings are interpreted as observational associations rather than causal effects.

The following sections develop the theoretical arguments and hypotheses, describe the data and models, present and discuss the results, and derive conclusions, recommendations and limitations.

2.0 Literature Review and Hypothesis Development

2.1 Ownership structure, board independence and sustainability reporting

Sustainability reporting is the structured disclosure of information concerning a firm's economic, environmental and social performance and impacts. In the underlying study, reporting is operationalised through a GRI-based disclosure index. This approach treats sustainability reporting as an observable governance outcome: a firm either provides full, partial or no disclosure against defined reporting items, allowing the extent of reporting to be compared across firms and over time.

Ownership structure determines who holds residual claims over the firm and therefore who has the incentive, authority and information demand to monitor management. Managerial ownership links managers' personal financial interests with corporate outcomes. Foreign ownership introduces investors whose information needs are intensified by geographic and institutional distance. Ownership concentration gives large shareholders sufficient voting power and economic exposure to monitor management closely. Institutional ownership brings professional analysis, fiduciary obligations and engagement capacity. Although these forms of ownership differ, each can create pressure for transparency when shareholders view sustainability information as relevant to risk, reputation and long-term value.

Board independence refers to the proportion of independent non-executive directors relative to total board membership. Independent directors are expected to be less subject to managerial influence because they are not responsible for daily operations. Their governance role includes monitoring executives, scrutinising reporting decisions and protecting the interests of shareholders and other stakeholders who lack direct access to internal information. In emerging markets, this role may be particularly consequential because ownership power can be concentrated and external disclosure enforcement may be less mature.

2.2 Agency theory

Agency theory provides the primary monitoring logic for the proposed moderation relationships. Jensen and Meckling (1976) explain that separation between ownership and control can create conflicts when managers possess information and decision-making authority that shareholders cannot fully observe. Sustainability reporting is relevant to this problem because management has discretion over the amount, form and timing of non-financial information disclosed to external stakeholders. Where disclosure is voluntary or only partially standardised, managers may disclose selectively unless governance mechanisms create sufficient accountability.

Ownership can reduce agency problems by aligning interests or strengthening shareholder monitoring. Managerial ownership may align executive wealth with long-term firm value, while large, foreign and institutional shareholders may have both incentives and resources to demand transparency. However, ownership monitoring may itself be incomplete. Manager-owners can become entrenched; controlling shareholders can pursue private benefits; foreign investors may lack direct access to internal processes; and institutional investors may rely on boards to convert engagement into formal disclosure practices.

Board independence complements these ownership mechanisms by adding monitoring at the board level. Independent directors can question management, scrutinise disclosure choices and constrain the use of private information advantages. The moderation argument is therefore that ownership pressure should have a stronger positive association with sustainability reporting when the board contains a larger proportion of directors capable of exercising objective oversight.

2.3 Stakeholder theory

Stakeholder theory broadens the governance argument beyond the shareholder–manager relationship. Freeman (1984) argues that firms operate through relationships with multiple constituencies whose interests can affect organizational continuity and value creation. Sustainability reporting is one mechanism through which firms account to investors, employees, regulators, customers, communities and other stakeholders for economic, environmental and social impacts.

Different owners may place different emphasis on stakeholder information, but independent directors can broaden the range of interests considered in board deliberations. Their relative distance from daily management can enable them to question narrow reporting choices and encourage disclosure that responds to external information needs. Foreign and institutional investors may bring explicit ESG expectations; concentrated shareholders may focus on long-term risk; and manager-owners may have reputational incentives. Board independence can strengthen the translation of these incentives into public reporting by ensuring that sustainability information is considered at the level of board accountability rather than remaining a private shareholder concern.

2.4 Resource dependence theory

Resource dependence theory views boards not only as monitors but also as providers of resources, expertise, external linkages and legitimacy (Pfeffer & Salancik, 1978). Independent directors may contribute knowledge from other firms, professions and institutions, helping companies interpret changing sustainability expectations and reporting standards. This role is important in the EAC context, where firms operate across developing capital markets and face increasing pressure to align with international sustainability practices.

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From this perspective, ownership pressure may be more effective when independent directors provide the knowledge and networks required to act on it. Foreign investors may demand internationally comparable information, but independent directors can help management understand and institutionalise those expectations. Institutional investors may use professional engagement and voting power, while independent directors provide a board-level channel for those demands. Concentrated and managerial owners may possess strong internal influence, but independent directors can add external credibility and reduce the risk that disclosure serves only dominant insiders.

2.5 Hypothesis development

Managerial shareholding may align managers' financial interests with firm performance, although insider control can also reduce external transparency. Independent directors may help translate managerial alignment into more accountable public reporting by scrutinising disclosure decisions and limiting managerial information advantages (Jensen & Meckling, 1976; Al Amosh & Khatib, 2022). H1: Board independence positively moderates the association between managerial ownership and sustainability reporting.

Foreign investors can face information disadvantages when assessing companies across institutional and geographical boundaries. Independent directors can strengthen board scrutiny and support more comparable public disclosure, potentially reinforcing the monitoring demands of foreign shareholders (Liou, 2023; Kibet *et al.*, 2025). H2: Board independence positively moderates the association between foreign ownership and sustainability reporting.

Concentrated shareholders may monitor management closely, but dominant investors can also obtain private information and weaken minority-shareholder access to disclosure. Independent directors may counterbalance controlling-shareholder influence and encourage broader accountability (Jensen & Meckling, 1976; Nuhu & Alam, 2024). H3: Board independence positively moderates the association between ownership concentration and sustainability reporting.

Institutional investors can use voting rights, engagement and professional analytical capacity to request non-financial information. Their influence may be stronger when independent directors can evaluate investor concerns and oversee reporting decisions (Das *et al.*, 2024; Noor *et al.*, 2025). H4: Board independence positively moderates the association between institutional ownership and sustainability reporting.

3.0 Research Methodology

3.1 Research design, setting and sample

The study adopted a positivist philosophy and explanatory longitudinal panel design involving non-financial companies listed in Kenya, Tanzania, Uganda and Rwanda. The initial population comprised 121 listed firms. Cross-listed duplicate listings, financial and insurance firms, firms delisted or not listed at the beginning of the observation period, non-operational firms, and firms lacking complete panel data were excluded. Because the source manuscript provides neither exclusion counts by country nor a criterion-by-criterion screening log, the reduction from 121 to 51 firms cannot be independently decomposed; such a flow should be supplied before submission. Complete-case inclusion may favour established and consistently reporting firms, introducing sample-selection bias.

The resulting balanced panel comprised 51 firms observed annually from 2015 through 2024 (510 firm-year observations). Information was collected from annual, integrated and sustainability reports and firm websites. Repeated observations permit analysis of between-firm differences and within-firm variation, although a non-experimental design does not establish causality.

3.2 Measurement of variables

Sustainability reporting (SR) was assessed by content analysis using a Global Reporting Initiative-based index of economic, environmental and social disclosure. Items were scored 2 for full disclosure, 1 for partial disclosure and 0 for no disclosure; total scores were normalised to an index ranging from 0 to 1. The supplied manuscript does not identify the number or exact list of scored items, or provide double-coding and intercoder-agreement statistics. These details should be disclosed from the original coding instrument and audit records; reliability cannot be inferred without them.

Managerial ownership (MO) was defined as the percentage of outstanding shares held by executive directors and senior managers; foreign ownership (FO) as the share percentage held by non-domestic investors; and institutional ownership (IO) as the share percentage held by institutional investors. Ownership concentration (OC) represented holdings by the largest shareholder or qualifying blockholders of at least 5% as described in the source material. The underlying operational definition must be verified against the dataset before replication: the largest-holder share and the aggregate holdings of qualifying blockholders are not interchangeable measures.

Board independence (BI), the moderator, was measured as the proportion of independent non-executive directors to total board size. Firm size and leverage were included as controls. Firm size was measured using the natural logarithm of total assets, while leverage was measured as total debt divided by total assets.

3.3 Model estimation

Panel data were organised and analysed using Stata 18 (StataCorp, 2023). Descriptive and correlation analyses preceded regression. The original study reported diagnostic checks covering linearity, stationarity, normality, autocorrelation, multicollinearity, heteroskedasticity and specification; the manuscript supplied for revision does not include the statistics, thresholds or remedial decisions needed to assess these checks. These diagnostic results should be documented in the submission or its supplementary material.

Moderation was examined through nested random-effects panel regressions: controls first, then four ownership variables, board independence and finally the four product terms ($MO \times BI$, $FO \times BI$, $OC \times BI$ and $IO \times BI$). Interaction coefficients represent changes in the ownership–disclosure slope conditional on board independence (Hayes, 2022). Because the variables’ scaling and centring are not fully documented, the results should not be read as comparable effect sizes across ownership categories.

The general final specification was:

$$SR_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 LEV_{it} + \beta_3 MO_{it} + \beta_4 FO_{it} + \beta_5 OC_{it} + \beta_6 IO_{it} \\ + \beta_7 BI_{it} + \beta_8 (MO \times BI)_{it} + \beta_9 (FO \times BI)_{it} + \beta_{10} (OC \times BI)_{it} \\ + \beta_{11} (IO \times BI)_{it} + \varepsilon_{it}.$$

The reported Hausman test for the specification with four ownership variables, board independence and two controls was $\chi^2(7) = 13.39$, $p = .0631$; thus, the conventional 5% test did not reject the random-effects specification. This reported test pertains to a seven-regressor model and cannot, without new evidence, be claimed as a Hausman test of the final four-interaction specification. The source manuscript also does not establish whether country, year and industry effects were entered or whether heteroskedasticity-robust or firm-clustered standard errors were used. Consequently, the final model is described as reported random-effects generalised least squares, subject to verification of these specification and inference choices.

4.0 Results and Findings

4.1 Direct role of board independence

Before testing the interactions, the study examined the lower-order effect of board independence while controlling for ownership structure, firm size and leverage. Board independence was positively and statistically significantly associated with sustainability reporting ($\beta=0.3240$, $z=5.20$, $p<0.001$; 95% CI=0.2020 to 0.4461). The result indicates that firms with a greater proportion of independent non-executive directors disclosed more sustainability information after accounting for the ownership variables and controls.

The lower-order model also yielded positive reported ownership coefficients. These results motivate the interaction analysis, but main effects from a model without product terms cannot be interpreted as unconditional effects in the full moderated specification.

4.2 Hierarchical moderation results

Interactions were added sequentially and assessed jointly in the final model. The manuscript does not provide the nested-model fit statistics, so claims about incremental explanatory improvement for each separate step cannot be verified. Table 1 therefore provides the primary reported coefficients for evaluating H1–H4.

Table 1 reports the final random-effects generalised least-squares model for 510 firm-year observations from 51 firms. Its reported R^2 values were .4199 (within), .5205 (between) and .5011 (overall), with Wald $\chi^2(11) = 379.19$, $p < .001$. Eleven slope terms appear in the table, consistent with the reported Wald degrees of freedom. The model's standard-error adjustment was not specified in the underlying material.

In the final model, the interaction between managerial ownership and board independence is positive and significant (reported coefficient = 0.2708, $z=2.58$, $p=0.010$). H1 is supported. The positive coefficient indicates that the relationship between managerial ownership and sustainability reporting becomes stronger as board independence increases.

The interaction between foreign ownership and board independence is also positive and significant (reported coefficient = 0.4549, $z=4.84$, $p<0.001$). H2 is supported. This is a comparatively strong interaction, indicating that independent boards enhance the extent to which foreign ownership is associated with sustainability disclosure.

The ownership concentration–board independence interaction has the largest coefficient among the four final interactions (reported coefficient = 0.5657, $z=3.79$, $p<0.001$). H3 is supported. The result suggests that concentrated ownership is associated with stronger sustainability reporting when independent directors provide countervailing oversight and monitoring.

Finally, the institutional ownership–board independence interaction is positive and statistically significant (reported coefficient = 0.1064, $z=3.17$, $p=0.002$). H4 is supported. Although smaller in magnitude than the other interaction coefficients, it indicates that institutional ownership is more strongly associated with sustainability reporting at higher levels of board independence.

Together, the four positive product-term estimates are consistent with stronger ownership–sustainability-reporting slopes at higher levels of board independence, conditional on the model’s covariates. Because marginal-effects estimates, representative simple slopes and their confidence intervals are not provided, the precise slopes at low and high independence cannot be quantified here. The four coefficients should not be ranked as effects without harmonised scaling.

Table 1. Random-effects panel regression of sustainability reporting on ownership, board independence and interactions

Variable	Coefficient	Std. error	z	p-value	95% CI
Firm size	0.1354	0.0290	4.67	<0.001	0.0786, 0.1923
Leverage	0.3008	0.0592	5.09	<0.001	0.1849, 0.4168
Managerial ownership	0.2271	0.0570	3.98	<0.001	0.1154, 0.3388
Foreign ownership	0.1730	0.0505	3.42	0.001	0.0740, 0.2721
Ownership concentration	0.2157	0.0749	2.88	0.004	0.0688, 0.3625
Institutional ownership	0.2496	0.0866	2.88	0.004	0.0798, 0.4194
Board independence	0.2321	0.0564	4.11	<0.001	0.1215, 0.3427
MO × BI	0.2708	0.1051	2.58	0.010	0.0647, 0.4768
FO × BI	0.4549	0.0940	4.84	<0.001	0.2706, 0.6392
OC × BI	0.5657	0.1493	3.79	<0.001	0.2732, 0.8583
IO × BI	0.1064	0.0335	3.17	0.002	0.0407, 0.1721

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Constant	-1.0034	0.1533	-6.55	<0.001	-1.3038, 0.7030	-
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Note. N = 510 firm-year observations from 51 firms; Wald $\chi^2(11) = 379.19$, $p < .001$; within $R^2 = .4199$; between $R^2 = .5205$; overall $R^2 = .5011$. MO = managerial ownership; FO = foreign ownership; OC = ownership concentration; IO = institutional ownership; BI = board independence; CI = confidence interval. Coefficients are presented in their reported regression units; the source does not confirm whether they are standardised or whether standard errors are robust or cluster-adjusted. Source: Study regression output as reproduced in the supplied manuscript.

5.0 Discussion

The results date that board independence plays two related roles in sustainability reporting among EAC-listed firms. First, it has a positive direct association with the extent of reporting. Second, and more importantly for this article, it changes the strength of the relationship between ownership structure and sustainability reporting. The four positive interaction coefficients indicate that independent directors complement rather than substitute for shareholder monitoring.

The positive direct effect is consistent with the argument that independent directors improve oversight and reduce information asymmetry. Independent non-executive directors are not involved in day-to-day management and are therefore better positioned to question selective reporting, challenge managerial discretion and request information that is relevant to external stakeholders. This interpretation is consistent with African evidence linking board independence with stronger ESG outcomes and disclosure (Agnese *et al.*, 2024; Anifowose, 2026; Scholtz Kieviet, 2026). It differs from evidence that finds negative or insignificant relationships (Alta’any *et al.*, 2024; Darteh Fiorani, 2025), reinforcing the view that the effectiveness of formal independence depends on institutional setting, director expertise and actual autonomy.

The managerial ownership interaction is consistent with independent directors strengthen the beneficial alignment effect of managerial shareholding. Managerial ownership can reduce agency conflict because executives bear part of the wealth consequences of corporate decisions. Yet managerial shareholding can also increase insiders’ control over information. The positive MO×BI coefficient suggests that independent directors help preserve the alignment benefits while limiting entrenchment. In other words, manager-owners appear more likely to translate their long-term value incentives into public sustainability disclosure when they operate under stronger independent board oversight.

This result has a clear agency-theory interpretation. Ownership alignment and board monitoring work jointly. Managerial ownership changes executive incentives, while independent directors constrain the possibility that insider control leads to selective transparency. The finding therefore supports a complementary-governance view: neither ownership alignment nor board independence needs to operate alone. Their interaction produces a stronger association with reporting than would be expected from the lower-order effects in isolation.

The foreign ownership interaction is also positive. Foreign investors often face greater information asymmetry because they operate at a geographic and institutional distance from the firm. They may also be exposed to international reporting expectations and therefore demand comparable ESG information. The FO×BI result indicates that these demands are more effectively translated into reporting where independent directors have a stronger presence on the board. Independent

directors can provide a governance channel through which external investor expectations enter formal board oversight, reducing the possibility that foreign shareholders must rely only on private engagement or incomplete public information.

This finding is relevant to emerging capital markets seeking cross-border investment. Foreign ownership alone may create pressure for transparency, but board independence appears to increase the organisational capacity and accountability through which that pressure becomes public sustainability disclosure. The result is compatible with resource dependence theory because independent directors can contribute external knowledge, professional networks and legitimacy that help firms interpret international sustainability expectations.

Ownership concentration displayed a positive product-term estimate with board independence (coefficient = 0.5657, $p < .001$). This finding is compatible with independent oversight moderating the potential tension between blockholder monitoring and private benefits of control. The numerical coefficient should not be compared directly with those of the other ownership variables without confirming common scaling and estimating conditional marginal effects (Al Amosh & Khatib, 2022; Nuhu & Alam, 2024).

Independent directors can provide a counterweight to dominant shareholders by protecting minority interests, insisting on formal disclosure and challenging governance practices that privilege private information channels. In the EAC sample, concentrated ownership appears to become a stronger monitoring mechanism rather than a source of opacity when independent directors are present in greater proportions. This finding is consistent with stakeholder theory because independent directors widen the information interests represented in board decisions beyond those of controlling shareholders.

The institutional ownership interaction is positive but smaller than the other three. Institutional investors possess professional expertise, analytical capacity and engagement tools that can make them effective monitors. Their influence on sustainability reporting, however, may depend on investment horizon, mandate and activism. The positive $IO \times BI$ coefficient is consistent with independent directors strengthen the ability of institutional investors to convert engagement and voting power into comprehensive public disclosure.

The numerically smaller interaction should not be interpreted as evidence that institutional ownership is unimportant. In the underlying study, institutional ownership also had a positive direct effect. The moderation result instead suggests that part of institutional investors' monitoring capacity may already operate through professional engagement and information analysis, leaving a smaller incremental role for board independence than in relationships involving controlling or foreign owners. Even so, the significant interaction suggests that institutional monitoring and independent board oversight remain complementary.

Across all four relationships, the findings support the integrated theoretical framework used in the analysis. Agency theory explains how ownership incentives and independent oversight jointly constrain managerial opportunism and information asymmetry. Stakeholder theory explains why independent boards may transform owner-specific incentives into disclosure serving a wider set of information users. Resource dependence theory explains how independent directors contribute knowledge, networks and legitimacy that enable ownership pressure to be converted into reporting practices.

The findings also help explain why prior studies report inconsistent direct relationships between ownership, board characteristics and sustainability disclosure. A governance mechanism may appear weak when examined only as a stand-alone predictor even though it becomes consequential through interaction with another governance mechanism. Board independence in the EAC setting is therefore better understood as part of a governance configuration. Its contribution lies not only in what independent directors do directly, but also in how they condition the effectiveness of shareholders with different incentives and capacities.

This interpretation is broadly consistent with Al Amosh and Khatib (2022), who found that board independence strengthened selected ownership–ESG disclosure relationships, and with Noor *et al.* (2025), who report a moderating role for board independence in sustainability reporting. The present study extends that logic by eorting significant moderation across four distinct ownership dimensions in a single ten-year, four-country panel. It also differs from Anifowose (2026), where institutional ownership did not significantly moderate the relationship between corporate governance mechanisms and ESG disclosure. The difference highlights the importance of model direction and institutional context: the present study treats board independence as the moderator of ownership effects, rather than ownership as the moderator of a broader governance construct.

6.0 Implications and Recommendations

6.1 Theoretical contribution

The principal theoretical contribution is to position board independence as a contingent governance mechanism in the ownership–sustainability reporting relationship. Much of the governance literature treats ownership characteristics and board characteristics as parallel predictors. The results here indicate that such an additive approach is incomplete. Ownership incentives become more strongly associated with sustainability reporting as board independence increases.

This finding refines the agency perspective by showing that ownership alignment or monitoring and board oversight can be complementary. Managerial, foreign, concentrated and institutional owners create different monitoring incentives, but independent directors help convert those incentives into public accountability. The stakeholder and resource dependence perspectives add explanatory depth by showing why this conversion occurs: independent directors widen the interests represented in governance and contribute external expertise, networks and legitimacy.

6.2 Empirical contribution

Empirically, the study provides evidence from 51 firms across four EAC securities exchanges over 2015–2024. This multi-country and ten-year design extends a literature that often relies on single-country, single-sector or shorter panels. The simultaneous inclusion of four interaction terms also permits direct comparison of the moderating role of board independence across ownership types. The largest final interaction is observed for ownership concentration, followed by foreign ownership, managerial ownership and institutional ownership.

6.3 Practical and policy implications

For boards and corporate management, the findings suggest that formal ownership incentives are more likely to support transparent sustainability reporting when independent directors possess sufficient authority to exercise oversight. Firms should therefore view board independence as more than compliance with a numerical board-composition requirement. Its value depends on whether

independent directors can access information, question management and controlling shareholders, and participate meaningfully in sustainability-related reporting decisions.

For shareholders, the results suggest that ownership influence and board structure should be considered jointly. Foreign and institutional investors seeking stronger sustainability information may obtain greater reporting responsiveness where independent directors provide an effective board-level governance channel. Large shareholders can also strengthen monitoring while reducing concerns about private-benefit extraction by supporting credible independent oversight.

For securities regulators and stock exchanges in the EAC, the results support continued attention to substantive board independence as sustainability-reporting frameworks develop. Governance codes can encourage transparent appointment criteria, adequate representation of independent non-executive directors and clear oversight responsibility for sustainability information. The evidence does not imply that board independence alone guarantees reporting quality; rather, it suggests that independent boards strengthen the operation of other governance mechanisms.

7.0 Conclusion, Limitations and Future Research

This study examined whether board independence moderates the relationship between ownership structure and sustainability reporting among firms listed in Kenya, Tanzania, Uganda and Rwanda. Using 510 firm-year observations from 51 firms over 2015–2024, the analysis found that board independence had a positive direct association with sustainability reporting and significantly strengthened the effects of managerial ownership, foreign ownership, ownership concentration and institutional ownership.

All four ownership-by-independence terms were positive and statistically significant in the reported final model: managerial ownership (0.2708, $p = .010$), foreign ownership (0.4549, $p < .001$), ownership concentration (0.5657, $p < .001$) and institutional ownership (0.1064, $p = .002$). These findings support H1–H4 as statistical moderation hypotheses within the fitted model, without identifying causal effects.

Several limitations qualify the interpretation. Only non-financial listed firms with complete data across four EAC markets were included, creating possible selection bias and limiting generalisability. The disclosure index measured reported information rather than the quality, verification or actual environmental and social performance of firms. Unobserved country, year, industry and firm characteristics may influence both governance structures and reporting, and the source does not document the final-model treatment of these factors. In addition, reporting of coding reliability, standard-error adjustments and marginal effects was insufficient for full independent verification.

Future studies should distinguish formal and substantive board independence, examine directors' sustainability expertise and adopt designs that better address unobserved heterogeneity and endogeneity. Reporting should include the screening flow by country, the full disclosure-item checklist and intercoder agreement, effects for country and time where appropriate, firm-clustered or otherwise justified uncertainty estimates, and conditional marginal effects with confidence intervals (Hayes, 2022).

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