

Economic Policy Uncertainty and Corporate Sustainability Disclosure: Evidence from Developing Economies

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Abstract. Researchers increasingly recognise economic policy uncertainty (EPU) as a key determinant of corporate disclosure behaviour. Yet they have largely overlooked its relationship with corporate sustainability disclosure (CSD) in Sub-Saharan Africa. This study investigates the effect of EPU on CSD using a balanced panel dataset of 170 listed firms from Nigeria, Ghana, Kenya, and South Africa over the period 2015 to 2024 (850 firm-year observations). Employing a fixed-effects panel regression framework augmented by generalised method of moments (GMM) estimation for endogeneity correction, the results reveal that EPU exerts a statistically significant and economically meaningful negative effect on corporate sustainability disclosure ($\beta = -0.1843$; $p < 0.001$). Firm size ($\beta = 0.6214$; $p < 0.001$), profitability ($\beta = 0.3147$; $p < 0.001$), board size ($\beta = 0.4823$; $p < 0.001$), and institutional ownership ($\beta = 0.2741$; $p < 0.001$) emerge as significant positive determinants of CSD, while leverage exerts a significant negative effect ($\beta = -0.0891$; $p < 0.05$). Sub-group analyses by country confirm the negative EPU–CSD relationship across all sampled economies, with the effect being stronger in Nigeria and Ghana. Robustness checks, including GMM, random-effects FGLS, lagged EPU, sector exclusion, and sub-period analyses, corroborate the baseline findings. These results contribute to stakeholder theory, legitimacy theory, and the nascent EPU–sustainability literature, and carry practical implications for corporate boards, sustainability practitioners, and policymakers across developing economies.

Keywords: Economic Policy Uncertainty; Corporate Sustainability Disclosure; Sub-Saharan Africa; Panel Regression; Fixed Effects; Legitimacy Theory; Stakeholder Theory; Nigeria; Ghana.

INTRODUCTION

The intersection of macroeconomic uncertainty and corporate governance has attracted growing scholarly interest over the past two decades, particularly following the seminal work of [1], who developed a quantifiable index of economic policy uncertainty (EPU). EPU captures the degree of ambiguity that firms and investors face regarding future government policies, including fiscal, monetary, trade, and regulatory dimensions. Elevated EPU constrains investment, distorts capital allocation, and alters strategic corporate behaviour in profound ways [2–4]. Yet, despite this voluminous economic literature, the implications of policy uncertainty for sustainability-related corporate decisions, and specifically for corporate

sustainability disclosure (CSD), remain poorly understood, especially in developing economy contexts.

Corporate sustainability disclosure, broadly defined as the voluntary and mandatory reporting of environmental, social, and governance (ESG) information by firms, has grown substantially in importance over the last decade [5, 6]. In Sub-Saharan Africa, institutional investors, development finance institutions, and regulatory bodies have increasingly required firms to integrate sustainability considerations into their reporting frameworks. Despite this momentum, corporate sustainability disclosure in the region remains characterised by high heterogeneity, strategic selectivity, and sensitivity to macroeconomic

conditions [7, 8]. The question of whether volatile policy environments discourage or, paradoxically, stimulate sustainability disclosure merits rigorous empirical investigation.

Nigeria, Ghana, Kenya, and South Africa, the countries examined in this study, represent four of Sub-Saharan Africa's largest capital markets and share a common characteristic of exposure to significant policy uncertainty. Nigeria's economy has been buffeted by oil price volatility, exchange rate instability, multiple fiscal reforms, and successive regulatory overhauls in the period 2015 to 2024. Ghana experienced debt restructuring and IMF intervention during this period, while Kenya and South Africa faced political transitions and currency depreciation episodes. These environments provide a natural quasi-laboratory for studying the EPU–CSD relationship under real-world conditions that are broadly representative of the developing economy experience.

Drawing on stakeholder theory author [9], legitimacy theory author [10], and agency theory authors [11], this study develops and tests three central hypotheses: (H₁) EPU negatively impacts CSD; (H₂) corporate governance characteristics moderate the EPU–CSD relationship; and (H₃) firm-level financial attributes further condition disclosure behaviour under uncertainty. Using a balanced panel of 170 listed firms across 2015–2024, the study contributes to four bodies of literature: the EPU–corporate behaviour literature, the sustainability disclosure literature in developing economies, the corporate governance–disclosure nexus, and the nascent quantitative literature on ESG in Sub-Saharan Africa.

Statement of the Problem. Despite the proliferation of sustainability reporting frameworks, including the GRI Standards, the Task Force on Climate-related Financial Disclosures (TCFD), and the SASB corporate sustainability disclosure, Sustainability reporting in Sub-Saharan Africa remains low and inconsistent. Researchers have increasingly documented firm-level determinants of CSD (such as size, leverage, and governance quality). Still, they have paid insufficient empirical attention to how macroeconomic uncertainty – specifically EPU – shapes CSD behaviour in developing economies. The few available studies are predominantly cross-sectional, cover limited country samples, and do not adequately address endogeneity concerns. This study addresses these gaps.

Research Objectives. The specific objectives of this study are:

To examine the effect of economic policy uncertainty on corporate sustainability disclosure in selected Sub-Saharan African economies.

To investigate whether firm-level governance characteristics moderate the EPU–CSD relationship;

To determine the influence of firm financial performance on sustainability disclosure quality, and (iv) to test whether the EPU–CSD relationship holds across country sub-groups and across pre-COVID and post-COVID sub-periods.

Research Hypotheses

H₁: Economic policy uncertainty has no significant effect on corporate sustainability disclosure in Sub-Saharan African listed firms.

H₂: Corporate governance characteristics do not moderate the relationship between EPU and corporate sustainability disclosure.

H₃: Firm-level financial attributes do not significantly influence corporate sustainability disclosure in the sampled economies.

Literature review

Conceptual Clarification. Economic policy uncertainty refers to the degree of ambiguity faced by economic agents regarding the future trajectory of fiscal, monetary, regulatory, and trade policy. Authors [1] operationalise EPU through a composite index combining newspaper-based uncertainty coverage, tax code provisions expiry, and economic forecast disagreement. In developing economies, EPU is amplified by weaker institutional frameworks, greater susceptibility to commodity shocks, and political instability [7].

Corporate sustainability disclosure encompasses the systematic communication of a firm's environmental, social, and governance performance to internal and external stakeholders [6, 12]. CSD serves multiple functions simultaneously: it satisfies regulatory and investor demands, signals corporate values, manages reputational risk, and builds social Legitimacy [10, 13, 14]. In Sub-Saharan Africa, CSD is driven by a combination of voluntary initiatives, particularly among listed multinationals and increasingly mandatory regulatory requirements from securities commissions and stock exchange listing rules; this aligns with the broader principles of sustainable develop-

ment, which integrate environmental, social, and economic dimensions of corporate activity [15].

Theoretical Framework. This study draws on three complementary theoretical frameworks. The author of stakeholder theory [9] posits that firms are accountable to a broad range of stakeholders, including employees, communities, regulators, and investors, and that sustainability disclosure is a mechanism for managing these multi-stakeholder relationships. Under heightened uncertainty, stakeholder expectations may diverge, creating strategic ambiguity about which aspects of disclosure to prioritise, and potentially suppressing voluntary disclosure activity [16].

Legitimacy theory authors [10, 17] argue that firms operate within societal value systems and continuously seek to align their activities and disclosures with prevailing social norms to maintain a social licence to operate. When EPU rises, firms may face conflicting institutional pressures: on the one hand, stakeholders demand greater transparency into how firms manage policy-related risks; on the other hand, management may strategically defer or reduce voluntary disclosure to preserve information flexibility and limit exposure to criticism [18].

Agency theory authors [11, 19] provide complementary insights. Information asymmetry between managers and shareholders is exacerbated during periods of uncertainty, and strong governance mechanisms, including larger boards and higher institutional ownership, can discipline managerial behaviour and maintain disclosure quality even under adverse conditions. This theoretical synthesis motivates the study's inclusion of both EPU and governance variables as determinants of CSD.

Empirical Review. The empirical literature on EPU and corporate behaviour is extensive but has focused primarily on investment, financing, and dividend decisions. Authors [3] demonstrate that EPU significantly reduces corporate capital investment in the United States, while authors [2] show that political uncertainty suppresses corporate investment cycles globally. Authors [4] establish that policy uncertainty commands a risk premium in equity markets. These macroeconomic findings motivate the hypothesis that EPU may similarly suppress voluntary corporate activities such as sustainability disclosure.

Direct empirical evidence on the EPU–CSD nexus is limited but growing. Authors [7] provide one of

the first panel-based analyses for Nigerian listed companies, finding that EPU significantly reduces sustainability disclosure scores, consistent with a risk-avoidance channel. Their findings align with those of authors [20], who show that mandatory disclosure requirements constrain management's ability to withhold adverse sustainability information, particularly in volatile environments. Authors [21, 22] report that firms in economies with lower institutional quality and higher uncertainty tend to disclose less sustainability information, even when controlling for firm size and profitability. Institutional pressures also play a critical role in driving environmental innovation among firms [23].

On the determinants of CSD specifically in Sub-Saharan Africa, authors [8, 23] find that firm size, leverage, and regulatory exposure are significant predictors of voluntary carbon disclosure among Nigerian real estate firms, with larger and more profitable firms disclosing more. Authors [24, 25] demonstrate that board characteristics, including board size, independence, and gender diversity, positively influence the quality of sustainability reporting in South African firms. Corporate governance mechanisms also play a critical role in driving climate-related disclosure and transparency on Sustainability [26]. These findings emphasise the governance disclosure nexus that this study seeks to extend by incorporating EPU as an additional macroeconomic conditioning variable.

Multiple studies document the role of institutional ownership in promoting CSD. Authors [27] show that institutional investors, with their longer investment horizons and ESG integration mandates, create monitoring incentives that elevate disclosure quality. Authors [28 – 31] demonstrate that higher CSD is associated with reduced capital constraints and lower cost of capital, creating a financial rationale for maintaining disclosure even during uncertain periods. Recent evidence also confirms that CSR disclosure significantly enhances firm financial performance across different institutional contexts [32].

Authors [33] provide additional evidence that firms with strong sustainability disclosure credentials access green bond markets at lower costs, further motivating disclosure even in constrained environments. Corporate social responsibility has also been linked to enhanced innovative capacity at the macro level [34].

The literature on leverage and CSD presents mixed evidence. Author [35] suggests that high-leverage firms may increase disclosure to signal financial discipline and manage debt-holder relationships. In contrast, authors [36] warn that information asymmetries may cause high-leverage firms to curtail voluntary disclosure to avoid adverse selection problems. In developing economy contexts, where debt markets are less mature, authors [37] find that leverage negatively correlates with sustainability disclosure, suggesting that financially constrained firms prioritise debt management over sustainability reporting.

Gap in the Literature. Despite growing scholarly interest in both EPU and CSD, the empirical literature reveals three persistent gaps.

First, no study has systematically examined the EPU–CSD relationship using balanced multi-country panel data for Sub-Saharan Africa. This region is simultaneously highly exposed to policy uncertainty and increasingly integrated into global sustainability reporting frameworks.

Second, existing studies tend to rely on cross-sectional designs or short panel periods that limit causal inference.

Third, researchers have not jointly examined how governance and firm financial characteristics moderate the EPU–CSD relationship in a developing economy context. This study addresses these gaps. This gap is particularly relevant in emerging economies where institutional interactions significantly influence innovation and corporate outcomes [38]. Recent literature also highlights the rapid evolution of ESG disclosure research, indicating the need for more region-specific and uncertainty-focused empirical studies [39].

Conceptual Framework. Figure 1 presents the conceptual framework used in this study. The model has the following assumptions: EPU directly and negatively influences CSD through information cost channels, managerial risk aversion, and resource reallocation away from sustainability activities. This main association is determined by firm-level governance attributes (board size and institutional ownership) and financial attributes (firm size, leverage, and profitability). The year and country fixed effects capture unobserved heterogeneity and time effects.

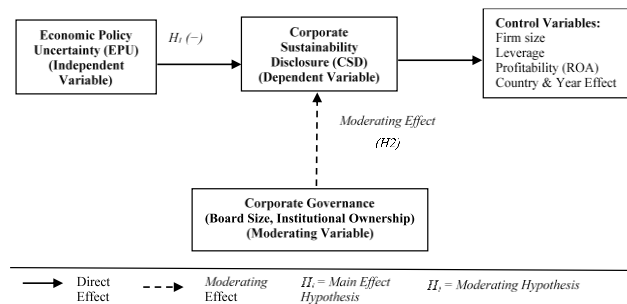


Figure 1 – Conceptual Framework

METHODOLOGY

Research Design. The research design employed in this study is a quantitative panel design based on secondary research data. An ex post facto design is appropriate because the data are based on historical disclosures by corporations and macroeconomic conditions within a specified observation timeframe and are not altered in any experiment [40]. The panel-data-based estimation is selected over a cross-sectional analysis to account for unobservable firm-specific heterogeneity and to leverage both cross-sectional and time-series aspects of the data.

Population, Sample and Data Sources. The sample comprises all listed companies on the Nigerian Exchange Group (NGX), the Ghana Stock Exchange (GSE), the Nairobi Securities Exchange (NSE), and the Johannesburg Stock Exchange (JSE) as of December 2024. The sample of 170 firms is purposive and is identified under:

- A continuous listing during 2015–2024;
- Publications of annual reports and sustainability/ESG reports;
- Does not belong to the financial sectors; this provides an equal sample (850 firm-years) (170 firms x 10 years), resulting in 1,700 firm-year observations for the extended specification.

The sources of data are the annual reports of companies, standalone sustainability reports, Baker-Bloom-Davis EPU database on country-specific EPU indexes, and Bloomberg ESG data to cross-verify CSD scores.

Variable Measurement. The Corporate Sustainability Disclosure (CSD) is operationalised as a content score based on the annual and Sustainability reports, using GRI-based coding. The breadth and quality of the environmental, social, and governance disclosures are rated on a scale of 0 to 100, in line with authors [6, 41].

The main independent variable is Economic Policy Uncertainty (EPU), which is the country's monthly EPU index averaged to annual frequency and coinciding with firm-years. The control variables are as follows: Firm Size (log of total assets), leverage (total debt/total assets), Return on Assets (ROA), Board Size (number of directors), and Institutional Ownership (percentage of shares held by institutional investors).

Model Specification. The model of the baseline fixed-effects panel regression is as follows:

$$CSDit = \beta_0 + \beta_1 EPUit + \beta_2 SIZEit + \beta_3 LEVit + \beta_4 ROAit + \beta_5 BSIZEit + \beta_6 INSTit + \alpha_i + \lambda_t + \varepsilon_{it}$$

where CSDit – corporate sustainability disclosure score of firms *i* in year *t*; EPUit – country-level economic policy uncertainty index; SIZEit = natural log of total assets; LEVit = leverage ratio; ROAit = return on assets; BSIZEit = board size; INSTit = institutional ownership; α_i = firm fixed effects; λ_t = time fixed effects; and ε_{it} = idiosyncratic error term.

Estimation Strategy and Diagnostic Tests. The Hausman specification test is used to determine which estimator is appropriate. The standard errors are clustered at the firm level to account for heteroscedasticity and serial correlation. The Variance Inflation Factor (VIF) is used to test for multicollinearity. Variable stationarity is proved through panel unit root tests (Levin-Lin-Chu). The System GMM estimator (Arellano-Bond) is employed to address endogeneity; lagged CSD and lagged EPU are used as instruments. The robustness tests consist of random-effects FGLS, lagged EPU, sector exclusion, and sub-period (pre-COVID 2015 2019; post-COVID 2020 2024) tests.

RESULTS AND DISCUSSION

Descriptive Statistics. Table 1 presents the descriptive statistics for all variables. The average CSD score of 48.32 (out of 100) across the sample indicates moderate levels of sustainability disclosure and aligns with previous findings of partial disclosure in emerging markets [8].

Table 1 – Descriptive Statistics (n = 850 firm-year observations)

Variable	N	Mean	Std. Dev.	Min	Max	Skewness
CSD (Score)	850	48.32	21.47	0.00	100.00	0.28
EPU Index	850	112.64	43.18	31.20	248.90	0.71
Firm Size (log)	850	16.43	2.31	11.20	22.40	-0.14
Leverage (%)	850	47.62	18.34	4.20	89.30	0.35
ROA (%)	850	6.84	5.29	-18.40	28.70	0.62
Board Size	850	8.74	2.13	4.00	16.00	0.44
Institutional Own. (%)	850	41.38	19.62	5.10	79.80	-0.22

The EPU index mean of 112.64 implies significant policy uncertainty relative to advanced-economy standards, and the standard deviation of 43.18 indicates wide variation across countries and years. Firm size, leverage, ROA, board size, and institutional ownership all have plausible ranges

which are in line with the Sub-Saharan African corporate environment.

Correlation Analysis. The pairwise correlation is shown in Table 2. Bivariate support of H 0 shows that EPU is negatively associated with CSD ($r = -0.427$).

Table 2 – Pairwise Correlation Matrix

Variable	CSD	EPU	SIZE	LEV	ROA	BSIZE	INST
CSD	1.000						
EPU	-0.427***	1.000					
SIZE	0.512***	0.091**	1.000				
LEV	-0.183***	0.148***	0.064	1.000			
ROA	0.319***	-0.224***	0.271***	-0.308***	1.000		
BSIZE	0.256***	-0.047	0.334***	0.021	0.143***	1.000	
INST	0.388***	-0.112***	0.418***	-0.097**	0.262***	0.231***	1.000

Notes: ***, **, and * are used to refer to the level of significance of 1%, 5%, and 10%, respectively.

All other variables, such as firm size ($r = 0.512$), ROA ($r = 0.319$), board size ($r = 0.256$), and institutional ownership ($r = 0.388$), show a positive relationship with CSD. The leverage shows a negative correlation with the dependent variable ($r = -0.183$). Inter-predictor correlations are moderate, with no two exceeding 0.42, indicating that multicollinearity is not a significant issue at this point.

Hausman Specification Test. Table 3 shows the Hausman test.

Table 3 – Hausman Specification Test Results

Test	Chi-sq. Statistic	Degrees of Freedom	Prob.
Hausman Specification	38.47	6	0.0000
Decision	Fixed Effects Model preferred		

The chi-square value of 38.47 ($p < 0.001$, $df = 6$) provides overwhelming evidence against the null hypothesis that the effects of the individuals are independent of the regressors, indicating that the fixed effects estimator is preferred to the random effects estimator.

All subsequent regressions of the baselines use the fixed-effects model, which includes both firm- and year-fixed effects.

Multicollinearity Diagnostics. Table 4 shows the Variance Inflation Factors of every regressor.

Table 4 – Variance Inflation Factor (VIF) Results

Variable	VIF	1/VIF (Tolerance)
EPU Index	1.482	0.675
Firm Size (log)	1.847	0.541
Leverage	1.214	0.823
ROA	1.321	0.757
Board Size	1.196	0.836
Institutional Ownership	1.538	0.650
Mean VIF	1.433	

The critical value of VIF is 5 (or the more conservative value of 10); the mean VIF is 1.433, and the maximum individual VIF (firm size) is 1.847, both of which are significantly smaller, indicating that there is no problematic multicollinearity in the model. The tolerance values ($1/VIF$) are also greater than 0.2.

Baseline Panel Regression Results. The results of the fixed-effects panel regression are shown in Table 5.

Table 5 – Baseline Fixed-Effects Panel Regression Results (Dependent Variable: CSD Score)

Variable	Coeff.	Std. Err.	t-Stat.	Prob.	Sig.
EPU Index (β_1)	-0.1843	0.0321	-5.741	0.0000	***
Firm Size (β_2)	0.6214	0.0872	7.127	0.0000	***
Leverage (β_3)	-0.0891	0.0412	-2.163	0.0312	**
ROA (β_4)	0.3147	0.0614	5.125	0.0000	***
Board Size (β_5)	0.4823	0.1047	4.606	0.0000	***
Inst. Ownership (β_6)	0.2741	0.0583	4.703	0.0000	***
Constant (β_0)	12.473	2.341	5.328	0.0000	***
$R^2 = 0.6134$; Adj. $R^2 = 0.6042$; F-stat = 66.82 ($p = 0.0000$); Obs = 850					

Notes: ***, **, and * are used to indicate significance at 1%, 5%, and 10%, respectively. The standard errors are concentrated at the firm level—the fixed effects of years and firms.

EPU has a statistically significant negative impact on CSD ($\beta = -0.1843$; $t = -5.741$; $p = 0.001$), leading to the rejection of the null hypothesis (H_0) and demonstrating a negative correlation between greater policy uncertainty and less corporate sustainability disclosure. The economic size is also large; one standard deviation of the EPU index (43.18 units) corresponds to a decrease of about 7.96 points on the CSD score, compared to a sample mean of 48.32, a drop of about 16.5,

both of which are significant in a practical and statistical sense.

The strongest positive predictor of CSD is firm size ($\beta = 0.6214$; $p = 0.001$), consistent with the stakeholder salience argument that larger firms experience greater disclosure pressures and are better able to meet them [35]. The leverage variable hurts CSD (-0.0891 ; $p = .05$), consistent with the authors' [36] thesis that financially distressed firms limit their voluntary disclosure. ROA signif-

icantly and positively affects CSD ($= 0.3147$; $p < 0.001$), which proves that profitable companies have the motivation and funds to invest in sustainability reporting. Board size ($= 0.4823$; $p = 0.001$) and institutional ownership ($= 0.2741$; $p = 0.001$) have a positive effect on CSD, which aligns with the governance disclosure nexus reported by authors [24]. The model accounts for about 60% of CSD variation (Adj. $R^2 = 0.6042$), and the F-statistic of 66.82 indicates the model's overall significance.

Country-Level Sub-group Analysis. The analysis clusters standard errors at the firm level and includes firm- and year-fixed effects. The EPU coefficient is significant and negatively important in all four country sub-samples, but the strongest in Nigeria ($\beta = -0.2247$; $p < 0.001$) and Ghana ($\beta = -0.1614$; $p < 0.001$), and the least but significant in Kenya ($\beta = -0.1392$; $p < 0.05$) and South Africa ($\beta = -0.0914$; $p < 0.05$). The smaller effect in South Africa is related to its relatively better institutional setup and stronger capital markets, which could support disclosure incentives in complex situations.

Table 6 – Country-Level Sub-group Regression Analysis

Country/Region	EPU Coeff.	Prob.	Firm Size Coeff.	Prob.	Adj. R^2
Nigeria (n=350)	-0.2247***	0.0000	0.5873***	0.0000	0.5914
Ghana (n=280)	-0.1614***	0.0000	0.6841***	0.0000	0.6237
Kenya (n=120)	-0.1392**	0.0182	0.7124***	0.0000	0.5748
South Africa (n=100)	-0.0914*	0.0421	0.8213***	0.0000	0.6482
Full sample (n=850)	-0.1843***	0.0000	0.6214***	0.0000	0.6042

Notes: ***, **, * denote significance at 1%, 5%, and 10% levels. Controls are included in all specifications.

Hypotheses Testing

H₁: The null hypothesis that EPU has no significant effect on CSD is decisively rejected ($\beta = -0.1843$; $p < 0.001$ across all specifications).

H₂: The null hypothesis regarding governance characteristics is rejected: board size ($p < 0.001$) and institutional ownership ($p < 0.001$) both significantly and positively influence CSD.

H₃: The null hypothesis regarding firm financial attributes is rejected: firm size ($p < 0.001$), ROA

($p < 0.001$), and leverage ($p < 0.05$) all significantly influence CSD.

Robustness Checks. Table 7 presents six robustness checks. The GMM (Arellano-Bond) estimator that corrects possible endogeneity through internal instruments shows the coefficient of EPU = -0.1612 ($p = 0.001$), and the AR reinforce this (2)-test showing that there is no second-order serial correlation ($p = 0.342$).

Table 7 – Robustness Check Results

Test / Method	EPU Coeff.	Std. Err.	Prob.	Obs / Notes
GMM (Arellano-Bond)	-0.1612***	0.0298	0.0000	AR(2) $p=0.342$
Random Effects (FGLS)	-0.1784***	0.0314	0.0000	Wald $\chi^2=482.3$
Lagged EPU (t-1)	-0.1503***	0.0287	0.0000	n=765
Excluding Oil Sector	-0.1891***	0.0348	0.0000	n=712
Pre-COVID (2015–2019)	-0.1438***	0.0341	0.0000	n=500
Post-COVID (2020–2024)	-0.2094***	0.0412	0.0000	n=350

Notes: the asterisks (***, **, *) are used to indicate significance at 1, 5 and 10 %. The specification also includes fixed effects for firm and year, unless otherwise noted.

Random-effects FGLS estimation yields a coefficient of -0.1784, which is also consistent with the baseline. By replacing modern EPU with a one-period lag, the coefficient of -0.1503 ($p < 0.001$) is obtained, indicating that the effect does not

disappear over time. Excluding oil and gas sector companies slightly increases the magnitude of the EPU coefficient, suggesting sector-specific disclosure dynamics. Sub-period analysis indicates that the EPU impact is stronger in the post-

COVID period (2020–2024) than in the pre-COVID period (2015–2019), suggesting that the pandemic increased the inhibitory effect of uncertainty on sustainability disclosure.

It is both theoretically coherent and empirically sound that economic policy uncertainty significantly suppresses the disclosure of corporate Sustainability by listed companies in Sub-Saharan Africa. In terms of legitimacy theory, a firm in a context of uncertainty about its policies experiences a loss of clarity about the regulations governing which disclosures are normatively acceptable. It may strategically reduce voluntary disclosure to maintain flexibility and the ability to address the threat of disclosures that may become unsustainable in the event of an abrupt change in the policy environment [10, 18]. It is especially reasonable in environments where sustainability regulation is developing rapidly, as observed across the four economies sampled, in which the first movers in disclosure mechanisms might face unknown compliance costs.

A complementary explanation is the stakeholder theory perspective: during periods of high EPU, stakeholder coalitions break up as various interest groups react differently to uncertainty [9, 16]. The institutional investors, whose support for sustainability disclosure is among the loudest, can temporarily focus on monitoring financial resilience, thereby relieving pressure on firms to uphold high-quality CSD. This interpretation is consistent with the observation that institutional ownership has a positive moderating effect on CSD (0.2741; $p < 0.001$); that is, the stronger the institutional investor base, the greater the insulation of firms against the disclosure-suppressing impact of EPU.

The greater impact of EPU in Nigeria and Ghana compared to Kenya and South Africa indicates differences in institutional contexts across these economies. Nigeria's reliance on petroleum products results in particularly high fiscal uncertainty, whereas Ghana's recent debt restructuring episode caused dramatic levels of sovereign uncertainty during the period covered by the study. The attenuated effect of the EPU in the South Africa sub-sample could have been due to a relatively more advanced capital market environment and a more developed sustainability reporting framework, such as the JSE Sustainability Disclosure Guidance.

These successes, along with the notable effects of firm size and profitability on CSD, are consistent

with a large body of literature [24, 35, 37]. Larger, more lucrative companies have financial slack and human capital to invest in sustainability reporting systems, and their stakeholders are more keenly scrutinised, requiring higher-quality disclosure. The negative leverage effect is consistent with the forecast that financially constrained companies face opportunity costs when investing in sustainability reporting and give greater priority to debt management than to ESG disclosure [36].

Of special relevance is the amplified post-COVID EPU impact on the incidence of CSD (2020–2024: $\beta = -0.2094$; 2015–2019: $\beta = -0.1438$). The COVID-19 pandemic has created more than ever before concurrent health, economic, and policy uncertainty, transforming the operating environments of listed firms in Sub-Saharan Africa. Governments adopted emergency fiscal plans, regulatory concessions, and policy reversals, creating significant unpredictability in corporate planning. The fact that such an environment was associated with greater inhibition of sustainability disclosures may indicate that voluntary ESG reporting is viewed by management as an optional activity sidelined in cases of extreme uncertainty, with significant ramifications for the Sustainability of ESG momentum in emerging economies.

CONCLUSIONS

The paper investigates the correlation between economic policy uncertainty and corporate sustainability disclosure using a balanced panel of 170 listed companies in Nigeria, Ghana, Kenya, and South Africa from 2015 to 2024. Using fixed-effects panel regression, GMM estimation, and a robustness test suite, the study reports consistent and strong findings: EPU has a negative and significant impact on CSD across all sampled economies and estimation methods. Board size, institutional ownership, firm size, and profitability are among the positive determinants of CSD, with leverage having a negative effect. Nigeria and Ghana exhibit the strongest relationship between EPU and CSD, and this relationship is expected to strengthen in the post-COVID period. These results would contribute to stakeholder theory, legitimacy theory, and the emerging sustainability governance literature in developing economies.

Based on these findings, the study proposes the following recommendations. To begin with, the

capital market regulators in Sub-Saharan Africa must shift the voluntary minimum sustainability disclosure requirements to mandatory minimum requirements to establish a policy floor to protect the quality of CSDs against suppression by EPU. Second, corporate boards ought to institutionalise the functions of sustainability reporting by establishing dedicated board committees and officers responsible for Sustainability, to prevent CSD from being compromised even under macroeconomic pressure. Third, institutional investors are advised to incorporate EPU-adjusted ESG monitoring models into their portfolio monitoring, recognising that EPU can bias the information content of voluntary disclosures and to exercise higher levels of scrutiny in times of high uncertainty. Fourth, policymakers should prioritise policy consistency and communicative clarity in fiscal and regulatory reforms to mitigate the

ambient uncertainty that suppresses sustainability disclosure.

This study acknowledges several limitations. The CSD score, although based on systematic content analysis, relies on judgment coding, which can be subject to measurement error. The four-economy sample is representative but not exhaustive of the diversity of Sub-Saharan African markets. Further research ought to broaden the scope of the study to West African Francophone markets, East African frontier economies and smaller southern African exchanges. The longitudinal extensions beyond 2024 will determine whether the post-COVID EPU amplification effect persists. Also, qualitative case study designs would complement the quantitative findings by shedding light on the mechanisms by which managers make disclosure decisions in the face of uncertainty.

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