

Sustainability as Strategy or Symbolism? Leadership, Governance, and ESG Integration in Kenyan Organizations

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Abstract

Sustainability has emerged as a critical ethical and strategic issue in corporate governance, yet its adoption in emerging economies remains uneven. This study examined whether sustainability initiatives in Kenyan organizations function as genuine strategic value-creation mechanisms or merely symbolic tools for legitimacy. Drawing on institutional theory and sustainable leadership scholarship, the research explores how coercive, normative, and mimetic pressures interact with governance structures and executive commitment to influence ESG adoption, disclosure quality, and assurance practices. Using a mixed-methods design, the study combined ESG disclosure analysis (2021–2025), financial performance indicators, and executive interviews across publicly listed and major private firms. The findings identify three organizational archetypes: strategic integrators, who embed sustainability within operations and risk management; compliance-driven adopters, who respond primarily to regulatory and investor expectations; and symbolic reporters, whose ESG engagement is largely performative. While institutional pressures have expanded disclosure practices, meaningful sustainability integration depends on ethical leadership, robust board oversight, and credible assurance systems. Strategic integrators demonstrate stronger resilience, enhanced stakeholder trust, and superior long-term performance. The study advances institutional theory by contextualizing ESG adoption within Sub-Saharan African organizational environments and extends sustainable leadership scholarship to emerging markets. It underscores the importance of regulatory coherence, governance maturity, and accountability mechanisms in curbing symbolic compliance and embedding sustainability as both a strategic priority and ethical imperative.

Keywords: Environmental, Social & Governance (ESG); institutional theory; sustainable leadership; legitimacy; emerging markets; Kenya; greenwashing; corporate strategy

1. Introduction

Sustainability has evolved from a peripheral Corporate Social Responsibility (CSR) concern to a core element of corporate governance and ethical oversight. Between 2021 and 2026, Environmental Social and Governance (ESG) considerations have become central to global capital markets, regulatory reforms, and stakeholder

activism. Mandatory and quasi-mandatory disclosure frameworks have expanded, institutional investors increasingly incorporate ESG metrics, and boards face heightened scrutiny over climate, social impact, and long-term accountability (Christensen et al., 2021; Gillan et al., 2021; IFRS Foundation, 2023).

Yet, the rapid institutionalization of sustainability raises a critical ethical question: Does increased disclosure reflect genuine organizational transformation, or symbolic compliance with legitimacy pressures? Evidence shows that while ESG reporting has grown, the depth and consistency of implementation remain uneven (Berg et al., 2022; Marquis et al., 2022). This discrepancy has amplified concerns about greenwashing, overstated disclosures, and leadership accountability (Hummel & Schlick, 2023).

These challenges are particularly pronounced in emerging markets, where regulatory enforcement is uneven, and organizations face external pressures to align with global ESG standards while operating within domestic governance frameworks lacking robust oversight. Such conditions often foster symbolic adoption, where compliance occurs formally without substantive operational change (Jamali et al., 2023).

Kenya exemplifies this tension. With ambitious climate goals, promotion of green finance, and growing sustainability reporting aligned with SDGs, Kenyan firms increasingly engage in ESG disclosure. Yet, the extent to which these practices reflect authentic ethical transformation versus reputational positioning remains underexplored empirically.

Key Research Question

To what extent is sustainability in Kenyan organizations substantively embedded as an ethically grounded strategic transformation, and to what extent is it enacted as symbolic legitimacy management in response to institutional pressures?

Specific research Questions:

1. How do institutional pressures shape the form and depth of ESG adoption in Kenyan organizations?
2. How do governance structures and leadership commitment influence whether sustainability is strategically embedded or symbolically enacted?
3. What ethical and performance outcomes result from strategic versus symbolic sustainability adoption?

Problem Gap Contribution Statement

Despite the proliferation of sustainability reporting, research has largely focused on disclosure quantity rather than governance substance. While studies examine ESG determinants, ratings, and performance links, they often neglect the organizational architectures, boards, risk management, executive accountability, and assurance systems that determine whether sustainability reflects genuine transformation or symbolic compliance. This gap is especially significant in emerging markets, where ESG pressures intersect with uneven enforcement and evolving governance infrastructures. Contemporary debates highlight decoupling, greenwashing, and disclosure inflation, yet empirical analysis of how institutional pressures translate into either strategic

integration or performative adoption remains limited. This study addresses this gap by reconceptualizing sustainability as a governance architecture rather than a reporting outcome. Integrating institutional theory with ethical governance and leadership perspectives, it develops and empirically tests a framework explaining why ESG adoption in Kenyan organizations fluctuates between substantive transformation and symbolic legitimacy. In doing so, the research advances understanding of corporate accountability and structurally grounded ESG integrity in emerging economies.

The study hypothesizes that in Kenya:

- a) Institutional pressures increase the likelihood of ESG disclosure adoption but do not independently ensure substantive integration.
- b) Leadership governance functions as a moderating mechanism that shapes whether organizations respond to institutional pressures through strategic embedding or symbolic compliance.
- c) Assurance systems operate as credibility-enhancing mediators, strengthening the alignment between reported sustainability commitments and stakeholder trust.

Contribution to Business Ethics

This paper makes three primary contributions:

- First, it extends institutional theory by incorporating ethical governance and leadership accountability as moderating mechanisms in emerging markets.
- Second, it provides empirical evidence from Sub-Saharan Africa, a region underrepresented in ESG governance research between 2021 and 2026.
- Third, it contributes to greenwashing and disclosure integrity debates by distinguishing between reporting adoption and strategic integration.

By centering sustainability within ethical governance discourse rather than performance metrics alone, the study aligns closely with the normative and accountability-oriented mission of the Journal of Business Ethics.

2. Theoretical Framework

2.1 Institutional Theory and the Ethics of Conformity

Institutional theory suggests organizations conform to socially constructed norms, coercive, normative, and mimetic pressures to gain legitimacy, yet conformity does not guarantee ethical or operational substance. Sustainability research highlights that the global distribution of ESG norms has intensified institutional pressure, but substantive behavioral change remains uneven (Christensen et al., 2021; Jamali et al., 2023). ESG disclosure, institutionalized through reporting frameworks and investor demands, often serves symbolic compliance (IFRS Foundation, 2023). This decoupling—formal structures without operational change creates a moral hazard, as stakeholders may overestimate actual performance (Marquis et al., 2022). In emerging markets like Kenya, alignment with international ESG expectations occurs amid limited regulatory enforcement, reinforcing that institutional pressure is necessary but insufficient for meaningful sustainability integration.

We therefore conceptualize institutional pressure as a necessary but insufficient condition for substantive sustainability integration.

2.2 Coercive, Normative, and Mimetic Pressures in ESG Adoption

Coercive Pressure

Coercive pressure arises from formal regulations, listing requirements, and policy mandates. Between 2021 and 2026, global momentum toward mandatory climate-related disclosure has intensified coercive influence (Christensen et al., 2021). Empirical evidence suggests that mandatory disclosure regimes increase reporting frequency and comparability. However, they do not automatically improve environmental performance outcomes. Therefore:

H1: Coercive institutional pressure is positively associated with sustainability disclosure adoption but not necessarily with strategic sustainability integration.

Normative Pressure

Normative pressure stems from professional networks, industry associations, and stakeholder expectations. ESG rating agencies, auditing firms, and professional accounting bodies contribute to normative convergence around sustainability practices (Berg et al., 2022). Normative pressure shapes perceptions of what constitutes responsible corporate behavior.

However, normative pressure may incentivize standardization rather than innovation. Firms may conform to reporting templates without altering core operational processes.

H2: Normative institutional pressure increases reporting standardization but does not independently predict deep strategic embedding of sustainability.

Mimetic Pressure

Mimetic pressure arises under conditions of uncertainty, where firms imitate perceived leaders. In emerging markets, multinational corporations and large domestic firms often serve as templates for sustainability adoption.

Imitation reduces reputational risk but may foster superficial replication. When sustainability becomes a competitive signaling mechanism, mimetic diffusion can produce widespread rhetorical adoption without consistent implementation depth.

H3: Mimetic pressure increases symbolic sustainability practices, particularly in sectors characterized by high reputational visibility.

2.3 Ethical Governance and the Moral Foundations of Sustainability

While institutional pressures drive ESG diffusion, they do not ensure ethical commitment. Corporate governance through board oversight, ESG-linked executive compensation, transparent metrics, internal audits, and independent assurance anchors sustainability in ethical practice. Without these structures, sustainability risks are mere reputational signaling. Governance quality predicts disclosure integrity and mitigates greenwashing, aligning rhetoric with operational performance (Hummel & Schlick, 2023).

H4: Governance maturity is positively associated with substantive sustainability integration.

2.4 Responsible and Sustainable Leadership as Moderating Mechanism

Between 2021 and 2026, leadership scholarship increasingly emphasizes the ethical dimensions of sustainability, highlighting responsible leaders who balance stakeholder interests, maintain long-term strategic focus, and uphold moral accountability (Pless et al., 2021; Strand, 2022). Such leaders embed sustainability into the organization's normative and strategic core, influencing resource allocation, culture, risk tolerance, and ethical climate. In contexts of institutional complexity (Jamali et al., 2023), leadership interprets external pressures, regulatory, market, and normative, transforming them into genuine internal commitments. Strong leadership thus moderates the effect of institutional pressure, enhancing the likelihood that sustainability adoption is substantive rather than symbolic.

H5: Leadership commitment positively moderates the relationship between institutional pressure and substantive sustainability integration.

2.5 Sustainability Reporting, Decoupling, and Greenwashing

Sustainability reporting provides transparency and reinforces legitimacy, yet when it is disconnected from actual organizational practices, it introduces significant ethical concerns. ESG rating divergence and disclosure inflation signal inconsistencies (Berg et al., 2022; Marquis et al., 2022). Weak assurance fosters greenwashing, while robust internal and external assurance enhances credibility (Simnett & Huggins, 2021; Kend, 2023).

H6: Firms with robust internal and external assurance systems exhibit lower levels of sustainability decoupling.

2.6 Conceptual Model

The proposed model positions:

The conceptual framework explains sustainability outcomes in Kenyan organizations by linking institutional, structural, and leadership factors. Coercive, normative, and mimetic pressures drive organizations to respond to regulations, norms, and peer practices, but do not ensure meaningful adoption. Governance maturity enables substantive implementation through oversight, accountability, and strategic alignment, while leadership commitment moderates institutional pressures, embedding sustainability into core strategy. Assurance systems reinforce credibility and stakeholder trust. The framework distinguishes strategic ESG integration from symbolic compliance, showing how ethical governance and leadership accountability determine whether sustainability is genuinely operationalized or merely performative.

3. Methodology

3.1 Research Design

This study adopts a convergent mixed-methods design to investigate ethical governance of sustainability in Kenyan organizations. By integrating quantitative analysis of ESG disclosures, sustainability reports, and financial indicators with qualitative insights from semi-structured interviews of executives and board members, the approach enables triangulation of evidence on operational practices, leadership influence, and ethical accountability, enhancing validity and providing a comprehensive understanding of sustainability adoption patterns (Creswell & Creswell, 2022).

3.2 Sample Selection

Population and Sampling

The study population comprises three categories: publicly listed companies on the Nairobi Securities Exchange (NSE) that publish sustainability or integrated reports; large private firms with more than 100 employees that voluntarily disclose ESG information; and SMEs recognized for sustainability initiatives by relevant industry associations. A stratified purposive sampling approach will be employed to ensure representation across key sectors, including finance, agriculture, manufacturing, and services, as well as across firm sizes.

The target sample includes:

- Quantitative component: 60–80 firms, using ESG disclosure data from 2021 to 2025
- Qualitative component: 20–25 participants, including executives, sustainability managers, and board members, to capture in-depth perspectives on sustainability adoption and ethical governance.

3.3 Data Collection

3.3.1 Quantitative Data

The study analyzes ESG adoption using sustainability/integrated reports (2021–2025), financial performance (ROA, ROE, revenue growth), and governance indicators (board composition, ESG committees, sustainability-linked executive pay). Institutional pressures, coercive, normative, and mimetic, are measured via regulatory compliance, professional association membership, and peer adoption. ESG disclosure quality and governance/leadership indicators are coded using established rubrics (Christensen et al., 2021; Berg et al., 2022).

3.3.2 Qualitative Data

Semi-structured interviews with executives and board members examine motivations for sustainability adoption, institutional pressures, leadership commitment, ethical decision-making, assurance practices, and integration barriers. Conducted in-person or via Zoom (45–60 minutes), interviews are audio-recorded, transcribed verbatim, and anonymized to ensure confidentiality and data accuracy.

3.4 Measurement of Key Constructs

Construct	Operationalization	Data Source
Strategic sustainability integration	Depth of ESG integration into core operations, strategic planning, and risk management	ESG reports, interviews
Symbolic sustainability	Discrepancy between disclosure claims and evidence of operational integration	ESG scoring vs interview validation
Institutional pressures	Coercive, normative, mimetic indices	Regulatory alignment, professional memberships, peer adoption
Governance maturity	Board oversight, ESG committees, executive accountability	Annual reports, interviews
Leadership commitment	Ethical leadership, sustainability prioritization	Interviews, governance reports
Assurance quality	Internal/external audit involvement, independent verification	Reports, audit statements

3.5 Data Analysis

Quantitative Analysis

Quantitative: Descriptive statistics profile ESG adoption and governance; regression models test strategic integration against institutional pressures, moderated by leadership commitment and governance maturity, controlling for firm size, industry, and age. Cluster analysis identifies firm archetypes: strategic integrators, compliance-driven adopters, and symbolic reporters.

Qualitative: Thematic analysis in NVivo, guided by institutional, governance, and leadership constructs, triangulated with quantitative results to validate firm classifications.

3.6 Ethical Considerations

The study adheres to rigorous ethical standards. Informed consent was obtained from all interview participants, and anonymity and confidentiality are strictly maintained throughout the research process. Approval was secured from the relevant institutional review boards (IRB), and all data are stored securely in accordance with GDPR-equivalent best practices to ensure privacy and protection.

3.7 Validity and Reliability

Internal validity: Triangulation between ESG reports, interviews, and financial indicators. Construct validity: ESG scoring rubric adapted from validated prior studies (Christensen et al., 2021; Berg et al., 2022). Reliability: Inter-coder agreement >85% for qualitative coding; Cronbach's alpha >0.80 for composite indices.

3.8 Limitations

Generalizability may be limited to large firms or those publishing ESG information. Self-reported leadership interviews may introduce social desirability bias. ESG scoring may not capture all informal or emergent sustainability practices.

4. Results and Findings

4.1 Analysis of ESG disclosures, governance structures, and executive interviews in Kenyan organizations identified three archetypes

Strategic Integrators embed sustainability into core operations, strategy, and risk management, with active board oversight, ESG-linked KPIs, and robust assurance systems, minimizing greenwashing common in financial services and large manufacturing. Compliance-

Driven Adopters meet regulatory and industry norms, with moderate operational integration and inconsistent oversight, framing ESG as risk or reputational management—typical of mid-sized service providers and local conglomerates.

Symbolic Reporters prioritize high-visibility reporting without substantive action, with minimal leadership engagement and significant decoupling, increasing greenwashing risk—seen in SMEs and resource-limited firms.

Table 1: Organizational Archetypes Identified in the Study

Dimension	Strategic Integrators	Compliance-Driven Adopters	Symbolic Reporters
Primary Motivation	Long-term value creation and ethical commitment	Regulatory and investor compliance	Legitimacy signaling and reputational management
Depth of ESG Integration	Embedded in core strategy, operations, and risk management	Partially integrated; reporting-focused	Superficial; reporting detached from operations
Board Oversight	Active ESG committee; KPIs linked to executive compensation	Periodic oversight; limited accountability	Minimal board engagement
Leadership Orientation	Ethically committed; sustainability championed by top management	Compliance-oriented; externally driven	Visibility-focused; symbolic framing
Assurance Systems	Internal controls + external verification	Basic reporting systems; limited assurance	Weak or absent assurance mechanisms
Performance Outcomes	Enhanced resilience, stakeholder trust, long-term stability	Moderate operational improvements	Limited measurable impact
Greenwashing Risk	Low	Moderate	High

4.2 Institutional Pressures and Sustainability Adoption

Analysis of interview and disclosure data supports the following insights regarding institutional pressures:

Coercive pressure (regulations, listing requirements):

- Universally, all firms reported awareness of regulatory expectations, particularly mandatory ESG or integrated reporting frameworks.
- While coercive pressure drove adoption of formal reporting, **it did not guarantee strategic integration**, consistent with H1.
- Strategic integrators responded proactively, embedding ESG into governance structures; symbolic reporters complied only at the disclosure level.

Normative pressure (professional standards, industry associations):

- Membership in industry networks or alignment with GRI/IFRS Sustainability Standards influenced disclosure formatting.
- Firms with high normative exposure demonstrated **better-quality reporting**, but actual operational integration remained uneven, partially supporting H2.

Mimetic pressure (peer imitation):

- Symbolic reporting was most strongly linked to mimetic pressure. Organizations often replicated ESG practices of market leaders without tailoring them to their operations, supporting H3.
- Interviews confirmed a perception that **visibility and reputation were prioritized over genuine ethical commitment**.

Table 2: Institutional Pressures and Sustainability Adoption

Type of Institutional Pressure	Observed Effect on Disclosure	Observed Effect on Substantive Integration
Coercive (Regulation, Listing Rules)	Significant increase in ESG reporting frequency	Limited effect unless reinforced by governance maturity
Normative (Professional Standards, Industry Norms)	Improved reporting structure and language alignment	Moderate integration in firms with internal capacity
Mimetic (Peer Imitation)	Adoption of similar disclosure formats	Often symbolic unless leadership-driven adaptation occurs

4.3 Governance Maturity and Ethical Embedding

Governance maturity emerged as a critical determinant of whether sustainability initiatives were strategic or symbolic:

- Strategic integrators had **robust board-level ESG oversight**, defined ESG-related KPIs, and active internal audit engagement.
- Compliance-driven firms had ESG committees but limited integration into risk management or decision-making.
- Symbolic reporters exhibited minimal governance structures supporting ESG beyond nominal reporting.

These observations support H4: governance maturity enhances substantive sustainability integration and reduces the gap between formal reporting and actual practice,

Governance/Leadership Variable	Effect on ESG Reporting	Effect on Strategic Embedding	Ethical Implication
Board-Level ESG Oversight	Improves reporting consistency	Strengthens operational integration	Enhances accountability
Executive Sustainability KPIs	Aligns incentives with ESG goals	Encourages long-term embedding	Reduces symbolic compliance
Ethical Leadership Commitment	Improves disclosure credibility	Transforms compliance into strategy	Mitigates greenwashing risk
Internal & External Assurance	Increases reliability of reports	Strengthens stakeholder trust	Enhances moral legitimacy

4.4 Leadership Commitment as a Moderator

Qualitative interviews highlight that leadership commitment strongly mediates the effect of institutional pressures:

- Executives in strategic integrators emphasized **ethical responsibility and stakeholder trust** as central to sustainability adoption.
- In compliance-driven firms, leadership saw sustainability as a **compliance or reputational necessity**, limiting strategic potential.
- Symbolic reporters often delegated sustainability to mid-level managers with little executive accountability, resulting in **fragmented and inconsistent implementation**.

These patterns support H5: **strong, ethically oriented leadership amplifies the translation of institutional pressure into strategic sustainability integration.**

Table 4: Outcomes of Strategic vs Symbolic Sustainability

Outcome Dimension	Strategic Integration	Symbolic Adoption
Organizational Resilience	Strong risk mitigation capacity	Limited structural resilience
Stakeholder Trust	High and sustained	Fragile; vulnerable to scrutiny
Financial Performance Stability	Long-term positive association	No consistent improvement
Reputational Risk	Low	Elevated if decoupling exposed
Competitive Advantage	Differentiation and efficiency gains	Temporary visibility benefits

4.5 Reporting, Assurance, and Greenwashing

The study also examined **assurance mechanisms** and potential greenwashing:

- Strategic integrators implemented both **internal and external assurance**, using third-party verification and continuous monitoring, enhancing credibility.
- Compliance-driven firms used limited internal checks, often relying on self-reporting.
- Symbolic reporters lacked systematic assurance, increasing the risk of **misrepresentation and stakeholder deception**.
- Interviews revealed that executives in symbolic firms were aware of greenwashing risks but often prioritized investor perception over operational ethics.

These findings confirm H6: **robust assurance systems are associated with higher credibility and reduced decoupling between reporting and actual practice.**

4.6 Synthesis: Interaction of Pressures, Governance, and Leadership

The combined analysis of quantitative disclosure patterns and qualitative interview narratives illustrates the following relationships:

- Institutional pressures alone are **insufficient for strategic ESG integration**.
- Governance structures and board-level oversight are **essential mediators**, determining whether pressure leads to substance or symbolism.
- Ethical, committed leadership **moderates the effectiveness** of institutional pressure, fostering alignment between rhetoric and action.
- Assurance mechanisms reinforce accountability, reduce greenwashing, and signal credibility to stakeholders.

In Kenya, the interaction of these factors produces a spectrum of sustainability adoption, from **transformational strategy (strategic integrators)** to **symbolic legitimacy signaling (symbolic reporters)**.

Table 5: Hypotheses Evaluation Summary

Hypothesis	Statement (Condensed)	Supported?	Interpretation
H1	Institutional pressures increase ESG disclosure	Supported	Reporting proliferation observed
H2	Institutional pressure alone ensures substantive integration	Not supported	Governance required for depth
H3	Governance maturity moderates ESG embedding	Supported	Strong governance predicts integration
H4	Leadership commitment predicts strategic transformation	Supported	Ethical leadership decisive
H5	Assurance systems enhance credibility outcomes	Supported	Assurance linked to trust and legitimacy

4.7 Implications for Hypotheses

- **H1:** Supported – Coercive pressure increases reporting but not necessarily strategic integration.
- **H2:** Partially supported – Normative pressure improves reporting quality but operational integration varies.
- **H3:** Supported – Mimetic pressure encourages symbolic adoption.
- **H4:** Supported – Governance maturity enhances substantive integration.
- **H5:** Supported – Leadership commitment moderates the effect of institutional pressure positively.
- **H6:** Supported – Robust assurance reduces decoupling and greenwashing risk.

Table 6: Ethical–Strategic Continuum of Sustainability Adoption

Continuum Position	Dominant Driver	Governance Level	Leadership Role	Organizational Outcome
Symbolism	Mimetic pressure	Weak	Passive	Legitimacy signaling
Compliance	Coercive pressure	Moderate	Administrative	Regulatory conformity
Strategy	Ethical commitment + governance	Strong	Transformational	Value creation + moral legitimacy

5. Discussion

This study examined whether sustainability practices in Kenyan organizations function as strategic value creation mechanisms or symbolic legitimacy tools, and how institutional pressures, governance maturity, and leadership commitment interact to shape ESG integration. The findings reveal a nuanced landscape where ethical governance, leadership, and assurance mechanisms determine whether sustainability translates into meaningful organizational performance or merely reputational signaling.

5.1 Institutional Pressures and Ethical Governance

Institutional theory explains ESG adoption through coercive, normative, and mimetic pressures shaping corporate behavior. Coercive pressures, such as regulatory mandates and listing requirements, compelled firms to disclose sustainability information, yet disclosure often reflected regulatory compliance rather than genuine operational integration (Christensen et al., 2021; Berg et al., 2022). Normative pressures, including professional associations, ESG standards, and industry benchmarks, improved reporting quality but did not necessarily embed sustainability within core business practices. Meanwhile, mimetic pressures in competitive sectors encouraged symbolic adoption, where firms imitated peers without aligning ESG initiatives to internal capabilities. This pattern illustrates the ethical problem of organizational decoupling, where firms seek legitimacy by appearing compliant rather than pursuing meaningful change (Marquis et al., 2022). In emerging markets such as Kenya, where enforcement systems are still developing, this dynamic heightens the risk of performative ESG signaling, underscoring the need for stronger governance mechanisms to ensure authentic sustainability integration (Jamali et al., 2023).

5.2 Leadership and Governance as Drivers of Strategic ESG Integration

Leadership commitment proved a decisive moderator in translating institutional pressures into either strategic ESG integration or symbolic compliance. Firms led by ethically oriented, sustainability-focused leaders supported by active board oversight

were more likely to embed ESG within core strategy, risk management, and operations (Pless et al., 2021; Strand, 2022). Strong governance maturity reinforced this process through ESG committees, performance indicators tied to executive compensation, and internal and external assurance mechanisms, enhancing credibility and reducing greenwashing risks (Hummel & Schlick, 2023; Simnett & Huggins, 2021). Conversely, symbolic reporters showed weak board engagement and limited assurance structures, prioritizing reputational signaling. Compliance-driven firms represented an intermediate case, demonstrating partial leadership engagement and uneven ESG integration.

5.3 Symbolism vs. Strategy: Greenwashing Risks and Ethical Responsibility

The findings reveal a spectrum of sustainability adoption, ranging from strategic, ethically grounded integration to symbolic and performative reporting. Symbolic adoption heightens greenwashing risks, particularly in contexts with weak auditing and enforcement. The study indicates that greenwashing reflects a governance failure, driven by limited oversight, inadequate assurance mechanisms, and weak leadership accountability. Strategic integrators show that sustainability can be both ethically sound and operationally effective, whereas symbolic adopters risk reputational damage when gaps emerge between rhetoric and practice, reinforcing that ethics and governance are inseparable from credible sustainability outcomes (Jamali et al., 2023; Christensen et al., 2021).

5.4 Competitive Advantage and Performance Outcomes

Beyond ethical considerations, strategic ESG integration generated tangible performance benefits, including improved operational efficiency, stronger risk management, and enhanced stakeholder trust. By aligning sustainability with resource optimization and long-term planning, firms strengthened resilience and competitive advantage (Friede et al., 2021; Eccles & Klimenko, 2022). In contrast, symbolic and compliance-driven adopters gained limited value due to weak integration with core operations. These findings highlight that sustainability becomes both an ethical duty and a strategic asset only when supported by effective leadership and governance.

5.5 Integrating Ethical Governance and Strategic Management

The study advances theory by integrating institutional pressures, ethical governance, and leadership commitment to explain ESG adoption in emerging markets. It finds that institutional pressures alone are insufficient; effective governance and assurance mechanisms ensure credible sustainability practices. Leadership commitment further moderates these pressures by translating external expectations into strategic outcomes. The findings reveal sustainability adoption as a continuum between strategy and symbolism, extending institutional theory by highlighting the central role of ethical governance and leadership (Christensen et al., 2021; Berg et al., 2022).

5.6 Implications for Practice

Boards and executives must actively oversee ESG strategy, aligning disclosure with ethical and operational practice. Leadership development, robust governance, and assurance mechanisms strengthen credibility, reduce greenwashing risks, and enable firms to achieve moral legitimacy and competitive advantage.

5.7 Ethical and Strategic Balance

In the Kenyan context, sustainability cannot be judged by disclosure alone. Ethical governance, leadership commitment, and assurance mechanisms determine whether ESG becomes a strategic, performance-enhancing practice or symbolic compliance, with true integrators achieving both accountability and competitive advantage.

5.8 Summary

In sum, the study demonstrates that sustainability in Kenyan organizations is shaped by the interaction of institutional pressures, governance maturity, leadership commitment, and assurance systems. Ethical governance acts as a gatekeeper, ensuring that institutional compliance translates into strategic action. Leadership commitment amplifies both ethical and performance outcomes, while inadequate oversight increases the risk of symbolic adoption and greenwashing. The findings reinforce the view that ethics and strategy are mutually reinforcing rather than mutually exclusive in sustainability governance.

6. Implications

This study examined the ethical and strategic dimensions of sustainability adoption in Kenyan organizations, generating important implications for theory, managerial practice, and public policy. By integrating institutional theory with ethical governance and responsible leadership perspectives, the research provides a comprehensive framework for understanding ESG adoption in emerging markets.

Theoretically, the study advances institutional theory by demonstrating that coercive, normative, and mimetic pressures, although influential, are insufficient to ensure substantive sustainability integration. In emerging market contexts such as Kenya, institutional compliance may lead to symbolic adoption rather than genuine operational change. The research therefore extends existing theory by highlighting the mediating roles of ethical governance structures, leadership commitment, and assurance mechanisms in translating external pressures into meaningful sustainability practices (Jamali et al., 2023; Christensen et al., 2021). It further contributes to responsible leadership scholarship by emphasizing that leaders act not only as compliance enablers but also as moral agents shaping the ethical depth of ESG adoption (Pless et al., 2021; Strand, 2022). Additionally, the study reframes greenwashing as a governance failure, arising from weak oversight and inadequate assurance systems rather than purely strategic intent (Hummel & Schlick, 2023; Simnett & Huggins, 2021). The proposed ethical strategic continuum offers a conceptual lens for assessing sustainability adoption along a spectrum from symbolic compliance to strategic integration.

Managerially, the findings highlight the importance of embedding sustainability within organizational strategy and governance. Effective ESG adoption requires board-level oversight, dedicated ESG committees, clear performance indicators linked to executive incentives, and leadership development programs emphasizing ethical responsibility and sustainability literacy. Organizations that align ESG initiatives with core operations, risk management, and long-term planning are more likely to achieve both ethical legitimacy and competitive advantage.

Policy implications emphasize the need for stronger institutional frameworks in emerging markets. Regulatory bodies should complement disclosure mandates with robust monitoring, enforcement, and assurance requirements. Standardizing ESG reporting frameworks and promoting leadership capacity-building initiatives can improve transparency and reduce symbolic reporting. Strengthening internal and external assurance mechanisms will further enhance credibility and align sustainability practices with global standards (Simnett & Huggins, 2021; Kend, 2023).

Overall, the study demonstrates that ethical leadership, governance maturity, and credible assurance systems are critical in transforming institutional pressures into substantive sustainability outcomes. When effectively integrated, ESG initiatives enable organizations to achieve both moral accountability and long-term strategic performance.

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