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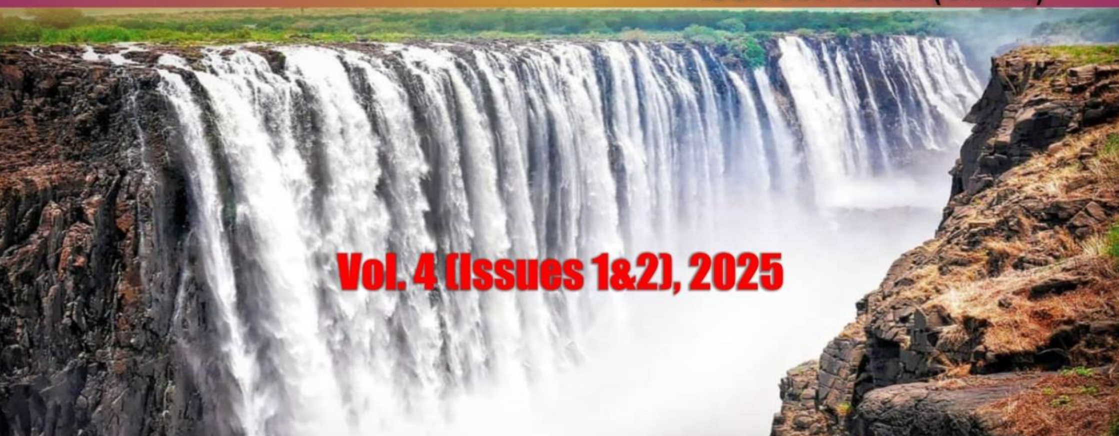

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TRENDS AND ANALYSIS OF FINANCIAL PERFORMANCE AND CORPORATE GOVERNANCE DISCLOSURE REFLECTING ON ANNUAL FINANCIAL REPORTS OF LISTED COMPANIES IN ZIMBABWE.

GIFT C. MANHIMANZI[1], EDSON GWANGWAVA[2] AND KUDZANAI MATOWANYIKA[3]

Abstract

The purpose of this study is to investigate experimentally the relationship between the listed non-financial corporations in Zimbabwe's level of Corporate Governance Disclosure (CGD) and their Financial Performances (Profitability). Information is derived from listed firms' 2022 annual reports. This study uses OLS as an estimating method and is based on a sample of 94 listed companies. Return on assets (ROA) is used to quantify financial performance, or profitability, and 40 elements of information are used to determine the extent of corporate governance transparency level. When measuring corporate governance transparency using an unweighted method, it works best when no particular user group is given any weight at all. Following the creation of the disclosure index, a scoring system was created to evaluate the level of corporate governance. The outcome demonstrates a favourable correlation between the Financial Performances (Profitability) and the degree of CG). The report offers Zimbabwe's regulators and policy-makers empirical data disclosures made.

Keywords: Profit, return on assets, Accountability, financial statements, regulation, transparency

INTRODUCTION

Numerous scholars, among them, Eng and Mak (2013), Dulacha *et al.* (2016), Karim (2016) and Haniffa and Cooke (2018) have anticipated that

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corporate disclosure will receive a great deal of attention. The profitability of a company is positively correlated with the degree of corporate governance disclosure. Higher profitability, according to El-Gazzar and Fornaro *et al.* (2013), is positively correlated with voluntary disclosure. The Stakeholder Theory, the Agency Theory, the Legitimacy Theory and the Political Economy Theory are some of the ideas that explain why businesses should and do release information. Although various theoretical frameworks present differing perspectives, they all concur that corporations disclose information primarily to conventional user groups, such as creditors, shareholders, financial analysts and security consultants, who find the data helpful in making investment decisions (Haniffa and Cooke, 2018). According to the Agency Theory, businesses provide more information to reduce conflicts between management and shareholders. Furthermore, firms that aim to augment their firm worth should consider augmenting their disclosure (Lobo and Zhou, 2021).

Profitability has a detrimental impact on the voluntary disclosure level of good corporate governance (Kusumawati, 2016). It suggests that businesses will typically provide more information about their corporate governance policies when they are experiencing a drop in profitability. According to Ahmed and John (2019), there is no discernible correlation between business profitability and the total amount of disclosure. Some studies (Wallace *et al.*, 2014; Hossain *et al.*, 2016; Ho and Wong, 2021; Watson *et al.*, 2022) propose the fundamental causes of larger companies' increased information disclosure. The explanations put up are that managers in larger organisations are more likely to recognise potential advantages of improved transparency, and small businesses are more prone to believe that complete disclosure of information could jeopardise their ability to be competitive. The proposed study aims to quantify the extent of disclosure about corporate governance provided by Zimbabwean listed companies and to investigate the relationship between Zimbabwean listed businesses' levels of corporate governance disclosure (CGD) and profitability competitive setting.

The deterioration in the performance of listed companies in developing countries has created a lot much debate on the evaluation tools used to assess the performance of listed companies. Ratio analysis, corporate governance analysis tools are some of the notable tools used to evaluate performance of listed companies in both developing and developed countries. Kusumawati (2016) argues that complete disclosure of information in the financial reports could easily jeopardise the extent of competitiveness of a listed company and, therefore, other measures can be explored when presenting results for listed companies in Zimbabwe. The study seeks to determine the relationship between CGD and the performance of listed companies. Many researches left out the aspect of CGD and just concentrated on the relationship between financial disclosure and the performance of listed companies.

LITERATURE REVIEW

Mandatory Disclosure is an important means used by an organisation to convey information about its activities to its stakeholders (Dhaliwal, Khurana and Pereira, 2011). Mandatory disclosures are the requirements of an organisation to disclose its activities in the financial statements and voluntary disclosures are usually provided in addition by the organisations to give further explanations of its mandatory information disclosed. There are regulatory agencies in all countries in the world that govern mandatory disclosure (Healy and Palepu, 2001; Akhtaruddin, 2005). Regulatory authorities usually force companies to disclose information that they may wish to hide (Darrough, 1993). A major purpose for regulating disclosure by the regulatory bodies is to ensure that the welfare of investors and other stakeholders are safeguarded (Taplin, Tower and Hancock, 2002). Also, mandatory disclosures are required to ensure that wealth is redistributed between informed and uniformed investors by shortening the information gap among them (Healy, Hutton and Palepu, 1999). In the face of the dearth of investment in the manufacturing sector and mostly from the food and beverage section, there is need to focus strongly on how these companies can begin to generate profit on their assets that stimulate the growth of the sector. Therefore, one of the best ways of doing this is to look critically at the reporting patterns of financial statements from this sector, especially the listed food and beverage manufacturing companies (Ojeka, Mukoro and Kanu, 2015).

The International Accounting Standards Board (IASB) is based in London, England in United Kingdom, as an independent organisation. The IASB issues accounting standards known as International Financial Reporting Standards (IFRS), previously known as International Accounting Standards (IASs). The IASB was preceded by the International Accounting Standards Committee (IASC), which operated from 1973 to 2001. IASC was established based on the initiative of Sir Henry Benson during the 10th World Congress of

Accountants in Sydney, Australia, in 1972 (Ezejelue, 2001). On June 29, 1973, the agreement to form IASC was signed by nine accountancy bodies, *viz*, in Australia, Japan, France, Canada, Germany, Mexico, the United States, the United Kingdom, Ireland and the Netherlands, and these countries constituted the board of IASC at that time (Alexander, Britton and Jorissen, 2003). The IASC was established as a response to the call by accounting professionals of the G5 for better communication, closer co-operation and greater co-ordination of accounting rules among the various nations of the world. The Financial Reporting Council of Nigeria (FRCN) is overseeing the convergence of Nigerian Generally Accepted Accounting Principles (GAAP) to IFRS. A roadmap has been put in place a route to conversion. This roadmap is structured as several phases, with each phase requiring certain categories of companies to comply with IFRS by a given date, starting from 1 January, 2012 (ICAN, 2014). Nigeria has taken steps to ensure that all corporate reports are aligned to the IFRSs) as a way of achieving full disclosure and strengthening stakeholders` confidence. The Nigerian Stock Exchange directed all companies listed on the exchange to adopt the IFRSs by December 2011 (Umoren, 2009).

Records of business activities of firms are presented in financial statements to show the financial position, performance and changes in liquidity. The IFRSs are referred to as a single set of high-quality accounting standards, interpretations and framework in the preparation and presentation of financial statements. The IFRSs redeveloped and issued by the IASB. The IFRS aim to provide high quality financial statements. Also, the standards developed are principle-based standards in order to make it more flexible for companies in choosing the best accounting policy and estimates to apply. However, possibility of some risks is associated with the use of the principle-based standards such as: error in management estimates, earnings management and business distortions (Puspitasari, 2015). The types of financial statements are Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows. There is “note to the account” which provides the explanation of accounting policies applied.

Empirical Evidence from Developed Countries Glaum and Street (2003) examine compliance with both the IASs and the United States Generally Accepted Accounting Principles (US GAAP) for companies listed on Germany's New Market by a sample of 100 firms that apply IASs and 100 firms that apply US GAAP for the financial year 2000. The study also relates the level of mandatory disclosure compliance to a number of company characteristics, namely company size, type of auditor, listing status, industry, profitability, internationality, ownership diffusion and company age. The study reveals that compliance levels range from 41.6% to100%, with an average of 83.7%. The average compliance level is significantly lower for companies that applied the IASs as compared to companies applying the US GAAP. They noted out that the average mandatory compliance level for companies that applied IASs was 81%. Street and Gray (2002) also analysed the factors influencing IASs compliance. The authors used a sample of 279 international firms and tested several variables against the level of disclosure such as listing status, company size, profitability, industry, notes on the accounts, type of auditor, country, multinationality and size of home stock market. All relevant IASs in force have been considered in the construction of the disclosure level index, extending significantly the scope and relevance of the variable. Findings suggest that there is a significant extent of non-compliance with IASs. Furthermore, as regards factors associated with compliance with IASs disclosure requirements, there is a significant positive association with a U.S. listing/filing and/or non-regional listing, being in the commerce and transportation industry, referring exclusively to the use of IASs, being audited by the Big 5 + 2 firm, and being domiciled in China or Switzerland. Additionally, there was a significant negative association with being domiciled in France, Germany or other Western European countries.

THEORETICAL REVIEW

The interaction between the principal or owner, and the agent, or management, is modelled by the Agency Theory Dulacha *et al.* (2016). Applying this theory to corporate governance transparency is a great opportunity because managers with greater access to a company's confidential information can communicate with the market in a trustworthy and believable manner in order to maximise the firm's value. They hold the opinion that managers utilise financial disclosure policies to share information with outside shareholders and balance their judgments in the actual world of business, where markets are not fully efficient (*ibid.*). This demonstrates how issues with information irregularity affect the company's CGD policy. According to McKinnon and Dalimunthe (2013). Australian diversified corporations that have minority stakes in their subsidiary companies are more likely to voluntarily reveal segment information. According to this finding, segment information sharing encourages managers to align their interests with those of minorities, which is likely to lessen issues with information irregularity. Consequently, CGD may function as one of the monitoring methods, as proposed by the Agency Theory. McKinnon and Dalimunthe (*ibid.*) discover strong evidence that Australian diversified corporations are more likely to voluntarily reveal segment information if they own minority stakes in their subsidiaries. This finding suggests that disclosing segment information gives incentives to match managers' and minority interests, potentially reducing information irregularity concerns. As a result, the theory suggests that CGD could be one of the monitoring tools.

Disclosure can be interpreted as a financial report that provides complete information that users need. According to Ghozali and Chariri (2014), disclosure is not covered or not hiding. If it is related to FS, that disclosure is a financial report required to provide complete, clear and uncovered information. Disclosures convey accurate and timely information related to material company information, including financial situation, performance, ownership and organisational governance (Sumatriani *et al.*, 2021). Patrick (2007) is related to the dependent variable, namely the application of the Governmental Accounting Standard Board (GASB) 34 with a measurement based on whether the local government has adopted GASB 34 or not. Previous research related to the level of disclosure of local government FS using a scoring system, which is the same in Marsella and Aswar (2019) and Aswar *et al.* (2021). The scoring system is used to prove whether the local government financial reports have disclosed the items that are required in the government's accounting standards accordingly or not. Furthermore, Cinca *et al.* (2009) use the following indicators in their study: investment per inhabitant, tax burden per inhabitant, tax revenue to operating revenue, financial expenses to total expenses and operating expenses to total expenses. Kasmir (2009) defines a financial condition that describes an organisation's health condition after the FS are prepared based on relevant data, it will show the financial condition. According to Muoz and Bolvar (2015), while discussing organisational or institutional challenges, a statement concerning financial constraints is frequently discussed.

A government's financial situation is an important factor in its ability to meet its payment obligations (Giroux and Deis, 1993). This means that, in order to send good signals about their performance, local governments must make their financial reports public as a monitoring mechanism (Garcia and

Garcia, 2008). Furthermore, users of financial reports also want to know how government funds are used, particularly when it comes to funding service providers and public programmes (Styles and Tennyson, 2007). In line with Marsella and Aswar (2019), local governments with good financial conditions, will increase the disclosure of financial statements. Giroux and McLelland (2003) aver that the role of governance as measured by financial conditions, can increase the value of information presented by existing regulations.

Financial conditions can have an impact on FS disclosure, since financial statements are an important part of the government's financial credibility (Ingram and DeJong, 1987). Suparno and Nanda (2016) state that financial independence means a regional government capability when self-funding government activities, as well as services to the public for their compliance with paying fees and taxes, which is one of the sources of regional income, thus causing a large public demand for the level of disclosure the greater one. Law No. 32 of 2004 explains that decentralisation can give authority and power to local governments in managing and utilising existing resources in their own regions and in terms of managing their finances. The goal of regional independence is to determine the extent to which local governments' ability to support operational activities is not reliant on balancing funding from the federal government. High political competition will have intense financial data disclosure. Pérez *et al.* (2008) discovered a positive and statistically significant link between political rivalry and public financial transparency, proposing that politicians seeking more votes aim to accommodate the requirements of as many voters as feasible. Therefore, the more competition, the more incentives one receives to disclose. In addition, Laswad *et al.* (2005) state that high political competition will result in more supervision by political competitors and society. Political competitors will monitor the performance of local governments and find weaknesses. Local governments with high political competition will disclose their financial reports to demonstrate fulfilment of promises during the campaign.

Financial condition describes a health condition in the organisation. After the financial statements are prepared based on relevant data, the financial condition will be shown. The financial condition in question is knowing how much assets (wealth), liabilities (debt) and capital (equity) are in the financial statements. These financial conditions are used to evaluate company performance (Kasmir, 2009). It can be concluded that a financial condition is a condition that, as a whole, describes the performance of the local government in which the financial condition can be useful for various parties who need it. Tabash (2019) states that high disclosure will have higher operating performance. Giroux and McLelland (2003) show that financial conditions have a positive effect on the disclosure of FS, with total debt as an indicator. In addition, Nor *et al.* (2019) measured online disclosure using a binary variable or dichotomy, namely 0 for regional financial independence, showing a region's ability to finance its government activities independently (Suparno and Nanda, 2016). This means that local governments can carry out their own activities independently without dependence on balancing funds sourced from the centre. The larger the public's contribution to compliance with levies and tax payments, the higher the ratio of regional independence to Pre-Authorised Debit (PAD), which is followed by substantial demands for openness and accountability in the presentation of local government financial reports (Fuadiand Asmara, 2020). Local governments with high financial independence will affect the disclosure of LKPD, where, when the financial independence of a region is high, the regional government is obliged to fully disclose the sources of funds received and also how much balance funds are received, because in the end, this information is useful central in making economic decisions.

Political competition is a competition to gain power to control the government and allocate available resources for the benefit of politics and society (Bardhan and Yang, 2004). Political competition is a competition to get the most votes from voters to run a policy stage that is feasible to run. Meanwhile, political competition, according to Persson and Tabellini (2000), can be interpreted as the decentralisation of political authority. There is strong competition when political authority resides in various regions. This type of political competition is related to the distribution of political power between the executive and legislative governments. Bardhan and Yang (2004) state that political competition is competition for the power to control the government and allocate available resources for political and community interests. Several studies have discovered a positive and statistically significant association between political rivalry and financial transparency, as politicians seeking votes strive to accommodate the requirements of as many people as possible. Therefore, the higher the motivation to share information, the greater the level of competition (Pérez *et al.*, 2008). According to Rahim and Martani (2010), examples of good political competitiveness are local governments.

Wallace and Naser (2015) and Meek, *et al.* (2015) also argue that well-performing companies are expected to disclose more information about their performance. Bujaki and McConomy (2017) show that firms facing a slowdown in revenues tend to increase their disclosure of corporate governance practices. Moreover, firms suffering serious corporate governance failures tend to provide extensive disclosure of governance guideline. ElGazzar and Fornaro (2013) postulate that managers are motivated to disclose more detailed information to support the continuation of their positions and remuneration as well as to signal institutional confidence. The degree of voluntary disclosure and the firm's profitability are positively and significantly correlated, according to Haniffa and Cooke (2018). This is in line with the findings of the Financial Performance and Corporate Governance Disclosure study, which found that profitability has a negative impact on the level of voluntary disclosure related to good corporate governance (Kusumawati, 2016; Ahmed and John, 2019). It suggests that businesses will typically provide more information about their corporate governance policies when they are experiencing a drop in profitability. The present study aims to test the hypothesis of a positive association between profitability and disclosure, given the body of research in the financial field.

Another tool for balancing the interests of managers and shareholders is the ownership structure (Chau and Gray, 2012; Eng and Mak, 2013; Hassain *et al.*, 2014; Haniffa and Cooke, 2018). According to the agency hypothesis, conflicts of interest between contracting parties can result in agency costs when ownership and management of a company are separated. Because contracting parties have different interests, it is thought that agency problems will be more prevalent in widely held organisations (Mohd, *et al.* 2016). By using disclosure, managers show that they act in the best interests of shareholders by giving more information. Companies having a single ownership structure are shown to give more voluntary information, according to McKinnon and Dalimunthe (2013).

Hossain *et al.* (2014) propose a negative relationship between management ownership structure and the level of voluntary disclosure by Malaysian listed firms, and Lakhal (2015) proposes that share management ownership is statistically and negatively associated with voluntary earnings disclosures. Oliveira *et al.* (2016) also reported that firms with lower shareholder management voluntarily disclose more information. Management ownership plays a significant role.

Ho and Wong (2021) report a positive relationship between the presence of an audit committee and corporate transparency procedures. Similarly, McMullen (2016) found that the inclusion of an audit committee is associated with more trustworthy financial reporting, such as a lower incidence of errors, irregularities and other markers of unreliability. Furthermore, Bradbury (2010) noted that "audit committees are commonly viewed as monitoring mechanisms that enhance the audit attestation function of external financial reporting". To improve the scope and dependability of the annual report, the board typically delegated responsibility for financial reporting monitoring to the audit committee (Wallace *et al.*, 2015).

Thus, audit committees can serve as a monitoring mechanism to improve the quality of information flow between business owners (shareholders and potential shareholders) and managers, particularly in the financial reporting context when the two have different information levels. Given the role of audit committees in shaping the context and content of corporate annual reports, the following hypotheses are explored.

The following specific hypotheses have been tested regarding the firm:
H1*: The level of Corporate Governance disclosures is positively associated with the higher profitability of the firm.*
H2*: The level of corporate governance disclosures is negatively associated with a higher management.*
H3*: The level of corporate governance disclosure is associated positively for firms that have an audit committee.*
H4*: The level of corporate governance disclosures is positively associated with the total assets of the firm.*
H5*: The level of corporate governance disclosures is positively associated with the sales turnover of the firm.*

The majority of these researches discovered that the size of a firm influences the level of transparency of corporations. Barako *et al.* (2016) and Brammer and Pavelin (2016) claim that larger firms are more likely to make voluntary disclosures. Based on global studies, Ho and Wong (2011), Watson *et al.* (2012), Wallace *et al.* (2014), and Hossain *et al.* (2016) propose the fundamental reasons larger organisations reveal more information. The hypothesised explanations are that managers in larger organisations are more likely to recognise the potential benefits of better disclosure, whereas small businesses are more prone to believe that complete disclosure of information could jeopardise their competitive position. Thus, business size is projected to have a favourable impact on the level of social responsibility disclosure. In this study, sales turnover and total assets are used to determine firm size.

METHODOLOGY

In the early stages of this research, a thorough list of elements that may be corporate governance disclosed by corporations in their annual reports was developed. The list of disclosure items includes both financial and non-financial items that could influence investment decisions, as well as information on publicly traded companies. Because the emphasis of this research is CGD, the preliminary list of 60 items was thoroughly vetted to eliminate those that are mandatory. This list was given to numerous professionals (professors, professional chartered accountants, and cost and management accountants, among others) for selection.

The disclosure elements were divided into seven categories: shareholders, commissionaires, directors, audit systems, corporate secretary, stakeholders, and disclosure information. The research used an unweighted technique for this study. This technique is most appropriate when no one user group is prioritised (Kusumawati, 2006). Following the establishment of the disclosure index, a rating sheet was created to evaluate the extent of CGDs. If a corporation disclosed an item of information contained in the index, it received a 1; otherwise, it received a 0.

The sample data was gathered from the Zimbabwe Stock Exchange seminar library during the 2006-7 era. Ninety-four (94) listed non-financial businesses from the Stock Exchange were chosen on an available basis, representing all industries. The data in the current study pertain to financial performance (profitability) and corporate governance characteristics. The independent factors are profitability, ownership structure, board audit committee and firm size. The method of analysis is multiple regression, and the method of estimate is Ordinary Least Squares (OLS). Stratified random sampling was used to determine different and unique views from the subgroups chosen.

The statistical tool employed is multiple regression analysis. The regression equation constructed empirically tests the association between the dependent variables of CGD and the independent variables of Financial Performance (Profitability). In addition to financial performance, the model includes a variety of control variables to help test the assumptions. The regression technique used to test hypothesis 1 is as follows:

$$TCGD = a + \beta 1PROA + \beta\ 2\ PEOI + \beta\ 3\ BAC + \beta\ 4\ TA + \beta\ 5\ TSE + \varepsilon$$

The variables that will be used in the analysis are as follows:

Dependent Variables

TCGD = Total corporate governance disclosure score received from each company

Independent Variables

PROA = Percentage of Return on assets as net profit to total Assets.
PEOI = Percentage of equity owned by insiders to all equity of the firm.
BAC = Board Audit Committee, 1 for yes or 0 for No
TA = Total assets of the firm.
TSE = Total Sales of the firm.
a = total constant, and
ε = the error term

RESULTS AND DISCUSSION

Financial Performance and Corporate Governance Disclosure

Table 1: Descriptive Statistics for all Variables

Variables	Mean %	Median %	Minimum %	Maximum %	Standard Deviation %
TCGD	48.58	46.50	24.500	84.00	17.09
PROA	3.78	2.74	-73.01	73.11	14.38
PEOI	21.93	19.78	.001	64.92	19.77
BAC	0.70	1.01	0	1.00	.48
TA	26.73155	50.3630	57.95	37.905650	67.04184
TSE	18.23878	48.5022	0	45.101671	58.55581

Table 1 shows descriptive statistics for the sample firms. According to the disclosure index (TCGD), the highest score earned by a corporation is 84%, while the lowest score is 24.5% with a standard deviation of 17.09%. As a result, firms have a wide range of voluntary disclosure practices. The mean

Percentage Return on Equity (ROE) as Net Profit to Total Assets is 3.78%, with a standard deviation of 14.38%. The mean percentage of equity owned by insiders to total equity of the firm is 21.93, with a standard deviation of 19.77. The average board audit committee (BAC) size is 0.70; the standard deviation is 0.48%, with minimum and maximum sizes of 0 and 1, respectively.

Table 2: Corporate Governance Disclosure Score

Disclosure Score (%)	No. of Companies (N=94)
<=30	13 (13.8%)
31-40	256 (27.5%)
40-50	18 (19%)
50-60	24 (25.7%)
60-70	12 (12.7%)
70-80	6 (5.3%)
80-90	1 (1.2%)
>90	0 (0%)

The table shows the number and percentages of companies whose disclosure score is within the specified range.

Table 3: Pearson Correlation analysis results (N=94)

Variables	TCGD	PROE	PEOI	BAC	TA	TSE
TCGD	1.00					
PROA	0.470(**)	1.00				
PEOI	0.0496(**)	0.134	--1.00			
BAC	0.791(**)	0.297(**)	0.296(**)	-1.00		
TA	0.158	0.036 -	0.293(**)	0.203	1.01	
TSE	0.154	0.108	-0.008	0.067	0.590(**)	1.01

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

TCGD = Total corporate governance disclosure score received from each company;
PROE =Percentage of Return on assets as net profit to total Assets;

PEOI =Percentage of equity owned by the insiders to all equity of the firm; BAC = Board Audit Committee, 1for yes or 0 for No;
TA = Total assets of the firm; TSE = Total Sales of the firm.

Table 3 illustrates the Pearson correlation between the variables. The findings show that CGD is positively connected with return on equity at the 1% level of significance. The board's audit committee produces similar outcomes. On the other hand, CGD has a negative link with ownership structure, and the significance threshold is 1%. However, there is a positive but not statistically significant association between RCGD and overall assets and sales.

Table 4: Multiple Regression Analysis (N=94)

Variables	Beta Coefficient	Standard Error	Beta t Values	Significance
PROA	.288	.094	3.979	.000***
PEOI	-.246	.069	-3.255	.003***
BAC	.569	2.371	7.820	.000***
TA	-.133	.001	1.508	.173
TSE	.157	.001	1.760	.094*

* P<0.1, two tailed, *** P<0.01, two-tailed
TCGD = Total corporate governance disclosure score received from each company;
PROA =Percentage of Return on assets as net profit to total Assets; PEOI =Percentage of equity owned by the insiders to all equity of the firm; BAC = Board Audit Committee, 1 for yes or 0 for No; TA = Total assets of the firm; TSE = Total Sales of the firm. R squire =.615; Adjusted R squire = .594; F Value =28.171; F significance =.000
Durbin Watson test =1.634

Table 4 illustrates the findings of this study's multiple regression analysis. Many earlier studies have employed regression, including those by Hongxia and Ainian Qi (2018), Akhtaruddin *et al.* (2019), Ibrahim *et al.* (2020), Ho and Wong (2021), Chau and Gray (2022), Haniffa and Cooke (2022), and Eng and Mark (2023).

VARIABLES LABELS EXPECTED SIGN RESULTS

Table 5: Summary of the Regression results

Variable labels	Expected Sign	Results
TCGD	Index	Index
β1PROA	(+)	Supported
β2PEOI	(-)	Supported
β3BAC	(+)	Supported
β4TA	(-)	Not Supported
β5TSE	(+)	Supported

FINANCIAL PERFORMANCES (PROFITABILITY) AND THE LEVEL OF CORPORATE GOVERNANCE DISCLOSURE

The coefficient of determination R-square, F ratio, beta coefficients and t-statistics for the regression model and summarised results of the dependent variable on the explanatory variables are presented in the Table-7. The results indicate an R-square of 0.615, and an F value of 28.171, which is significant at the 0.000 levels. Both of these values suggest that a significant percentage of the variation in CGD can be explained by the variations in the whole set of independent variables. If the independent variable PROA is one unit increased, then in this situation the dependent variable is increased 0.278 with SE = 0.084, Bata t value = 3.969 and significance at the 0.000. The findings indicate that enterprises having a higher percentage of profit capabilities are positively associated with CGD. This finding is comparable to that of Meek *et al.* (2015), Wallace and Naser (2015), Haniffa and Cooke (2022) and El-Gazzar and Fornaro (2023).

The study found that a firm's ownership structure, specifically the percentage of equity owned by insiders to total equity (P value < 0.01), has a negative impact on CGDs (coefficient of -0.236 significant at the 0.002 level). This is consistent with the findings of McKinnon and Dalimunthe (2013), Hossain *et al.* (2014), Lakhal (2015), and Oliveira *et al.* (2016).

The board audit committee has a good correlation with corporate governance disclosure procedures. It is an important hypothesis regarding the extent of CGD, with a coefficient of 0.559 that is significant at the 0.000 level. This finding is comparable to that of Ho and Wong (2001). This study found that firms with larger overall sales (P value < 0.1) have higher levels of voluntary disclosure. This conclusion is consistent with Wallace *et al.* (2014), Hossain *et al.* (2016), Ho and Wong (2021) and Watson *et al.* (2022). The regression results for business size *vs.* total assets are insignificant. The findings are consistent with Haniffa and Cooke (2018).

CONCLUSION AND RECOMMENDATIONS

This study is an expansion of prior research in which a set of financial performance (profitability) indicators were examined to determine their relationship with the level of CGD. The purpose of this study is to investigate the impact of financial success (profitability) on CGD. This study employed the disclosure index to assess CGD in a sample of 64 Zimbabwean listed companies. The study's initial hypothesis was that better business profitability is positively connected with levels of CGD. In addition, this study's findings are positively related to the firm's profitability. This result is comparable to that of El-Gazzar and Fornaro (2013); Wallace and Naser (2014); Meek *et al.* (2015).

There are other drawbacks to this study. The first restriction of the study is that it included only non-financial enterprises as a sample. As a result, the findings may not be applicable to all Zimbabwean enterprises. Second, the research developed a disclosure index, which was used in the study. The index is extremely sensitive, and incorrect selection of information can have an impact on the results. Third, the study looks only at one year of data. If numerous years are analysed, the results may vary. Finally, the study evaluates the amount of CGD, ignoring the other aspect of disclosure, mandated disclosure. These limitations should be considered when interpreting the study's conclusions.

Future research on corporate governance transparency should include all listed companies in the non-financial group. Furthermore, addressing the same research challenges raised here, but in a different industry sector, would be an intriguing expansion of this work. This could yield intriguing results in terms of variances within industry sectors.

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