

ECONOMIC, INSTITUTIONAL AND GOVERNANCE DETERMINANTS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE QUALITY IN ZIMBABWE: AN EMPIRICAL ANALYSIS

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Abstract

The study investigates the economic, institutional and governance determinants of Environmental, Social and Governance (ESG) disclosure quality among firms in Zimbabwe, addressing the limited empirical evidence from institutionally constrained developing economies. Using panel data from Zimbabwe Stock Exchange listed firms, ESG disclosure quality is measured through content analysis of annual and sustainability reports based on an ESG disclosure index aligned with internationally recognised reporting frameworks. Multivariate regression analysis is employed to examine the influence of firm-level economic factors, institutional pressures and corporate governance attributes on disclosure quality. The findings indicate that firm size, profitability, foreign ownership and board independence are positively associated with ESG disclosure quality, while higher leverage and weak regulatory enforcement negatively affect disclosure practices. Institutional pressures and effective governance mechanisms are shown to play a significant role in enhancing ESG transparency. The study is limited to listed firms and relies on publicly available disclosures from a sample of 235 firm-year observations which may constrain the generalisability of the findings to unlisted entities and informal sustainability practices. While the sample size was considered statistically adequate for panel regression analysis and enhanced the robustness of the empirical results, the focus on listed companies restricts broader sectoral applicability. The study concludes that ESG disclosure quality in Zimbabwe is shaped jointly by economic capacity, institutional context and governance effectiveness, underscoring the need for stronger regulatory enforcement and improved governance

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structures. The novelty of the study lies in providing one of the first integrated empirical analyses of ESG disclosure quality determinants in Zimbabwe, thereby extending ESG disclosure literature to an under-researched African context.

Keywords: Economic, Institutional, Governance Determinants, Social and Governance Disclosure

INTRODUCTION

Environmental, Social and Governance (ESG) disclosure has emerged as a central component of contemporary corporate reporting, reflecting growing stakeholder demands for transparency, accountability and sustainable value creation (Lackson *et al.*, 2025). Globally, regulators, investors and development partners increasingly rely on ESG information to assess firms' long-term risk exposure, ethical conduct and contribution to sustainable development. As a result, ESG disclosure has evolved from a voluntary corporate social responsibility (CSR) practice into a strategic reporting mechanism that shapes capital allocation, reputational legitimacy and regulatory compliance (Hipólito, *et al.*, 2025). Despite the expanding body of ESG disclosure research, existing empirical evidence is overwhelmingly concentrated in developed economies and large emerging markets, where regulatory institutions, capital markets and enforcement mechanisms are relatively strong (Nyikahadzoi, *et al.*, 2022). Far less is known about ESG disclosure practices in low-income and institutionally constrained economies. Sectors such as mining, manufacturing and agriculture are economically significant yet environmentally and socially sensitive, heightening the relevance of ESG disclosures for policymakers, investors and local communities (Okon, 2026). Moreover, while the Zimbabwe Stock Exchange provides a formal platform for corporate reporting, ESG disclosure remains largely voluntary, heterogeneous and weakly standardised (Nyikahadzoi, 2022).

BACKGROUND TO THE STUDY

In the past few decades, companies have started to share more information about their impact on the environment and society. This is

known as ESG disclosure, and it's become a big part of how companies report on their activities around the world. The main reasons for this are concerns about climate change, social inequality, and making sure businesses are sustainable in the long term. In developed countries, especially in Europe, ESG disclosure has changed from something companies did voluntarily to a more formal and regulated practice. The European Union has been leading the way in this area with new rules and regulations. For example, they introduced the Non-Financial Reporting Directive in 2014, which was later replaced by the Corporate Sustainability Reporting Directive in 2021. These rules require big companies to share detailed information about their environmental, social, and governance practices. This has made it easier to compare how companies are doing in terms of sustainability across different countries in the EU. As a result, the quality and scope of sustainability reporting have improved significantly. Companies now have to provide more comprehensive information about their ESG performance, which helps investors, stakeholders, and the general public understand their impact on the environment and society. This increased transparency is an important step towards promoting sustainability and responsible business practices. The shift towards more regulated ESG disclosure is expected to continue, with more countries and regions adopting similar frameworks. This will likely lead to even more companies being required to disclose their ESG information, further enhancing the comparability and quality of sustainability reporting worldwide. Overall, the growth of ESG disclosure is an important development in corporate reporting, and it's likely to have a significant impact on how companies operate and report on their activities in the future.

Empirical studies from developed European economies consistently show that strong regulatory frameworks and institutional pressures play a critical role in improving ESG disclosure quality. For example, Ioannou and Serafeim (2017) examine firms across several European countries and found that mandatory sustainability reporting regulations led to significant improvements in disclosure depth and consistency. Similarly, KPMG (2020) report that over 90% of Europe's largest firms now provide ESG-related disclosures, with notable improvements in

assurance and standardisation following regulatory interventions. In the German context, Hahn and Kühnen (2013) found that firm size, stakeholder pressure and industry sensitivity were key determinants of sustainability disclosure quality, while governance mechanisms such as board independence strengthened reporting credibility. More recently, Velte (2021) has shown that German firms with stronger corporate governance structures and higher capital market exposure exhibited superior ESG disclosure quality, reinforcing the importance of governance and institutional enforcement in developed markets. Beyond Europe, ESG disclosure research in developed economies has increasingly focused on the role of capital markets and investor pressure. Studies such as Dhaliwal *et al.* (2011) in the United States demonstrate that high-quality ESG disclosure reduces information asymmetry and lowers firms' cost of capital. Collectively, evidence from developed economies suggests that ESG disclosure quality is strongly influenced by a combination of regulatory compulsion, market discipline and effective corporate governance. However, these findings are rooted in contexts characterised by relatively stable economies, strong institutions and active stakeholder engagement, raising questions about their applicability to developing and institutionally constrained environments.

In contrast, ESG disclosure practices in Africa remain uneven, largely voluntary and weakly regulated. Although sustainability reporting has gained traction in countries such as South Africa, where integrated reporting is mandated for listed firms, much of the continent continues to lag behind global standards. Empirical studies from Africa indicate that ESG disclosure quality is significantly constrained by weak regulatory enforcement, limited investor activism and resource limitations. For instance, Ntim and Soobaroyen (2013) found that corporate governance quality positively influenced sustainability disclosure among South African firms, while Barako and Brown (2008) report that firm size and ownership structure were the primary drivers of voluntary disclosure in Kenya. More recent studies, such as Alhassan and Fiador (2021) in Ghana, reveal that profitability and board

diversity positively affect ESG disclosure, but institutional weaknesses limit disclosure consistency and depth.

Within the broader African context, research increasingly highlights the role of institutional theory in explaining ESG disclosure behaviour. Firms operating in weak institutional environments often engage in symbolic or selective disclosure to gain legitimacy rather than substantive transparency. Tilt (2018) and De Villiers *et al.* (2020) observe that in many developing economies, ESG reporting is driven more by reputational concerns and external pressure from international investors and donors than by domestic regulatory enforcement. This suggests that ESG disclosure quality in African countries may reflect institutional adaptation rather than genuine sustainability integration.

There is minimal research on ESG disclosure within the Zimbabwean context, notwithstanding its significance for understanding sustainability reporting in emerging economies. Zimbabwe has experienced prolonged economic instability, hyperinflationary episodes, currency reforms and evolving regulatory frameworks, all of which shape corporate reporting incentives and capacities. While the Zimbabwe Stock Exchange provides a formal reporting platform, ESG disclosure remains largely voluntary, fragmented and inconsistently applied across firms and sectors. Existing local studies have primarily focused on corporate governance and financial disclosure, with limited attention to ESG reporting quality. For example, Muzurura and Ndlovu (2019) examine corporate governance practices among Zimbabwean listed firms and found significant variations in board effectiveness and transparency, while Chirisa *et al.* (2020) highlight weak environmental disclosure practices in extractive industries despite their significant social and ecological impact.

Although a few recent studies have begun to explore sustainability reporting in Zimbabwe, they tend to focus on disclosure presence rather than disclosure quality and often examine isolated determinants such as firm size or profitability. There remains a notable absence of

comprehensive empirical research that simultaneously examines economic, institutional and governance determinants of ESG disclosure quality within the Zimbabwean context. This gap is particularly important given the country's increasing exposure to international capital markets, donor-funded projects and global sustainability expectations. Against this backdrop, the study adopts a holistic approach to examine how economic capacity, institutional pressures and corporate governance mechanisms jointly influence ESG disclosure quality in Zimbabwe. By situating Zimbabwe within the broader global and African ESG disclosure discourse, the study responds to calls for context-specific sustainability accounting research and contributes to a more inclusive understanding of ESG disclosure determinants in developing economies.

PROBLEM STATEMENT

The quality of Environmental, Social and Governance reports in Zimbabwe is a major concern. Even though most big companies around the world are now sharing these reports, Zimbabwe's listed firms are not doing a great job. They don't provide enough information, and what they do share is often not very useful. This makes it hard for investors to trust them and for people to compare companies. The problem is that ESG reporting is not mandatory in Zimbabwe, and the country is not following global standards. As a result, less than half of the companies on the Zimbabwe Stock Exchange are giving detailed ESG reports. When they do, the information is often just a story, not backed up by facts, and not checked for accuracy. Zimbabwe also struggles with governance and regulation, which makes it harder to enforce transparency. The World Bank has noted that Zimbabwe's governance is not strong, which can weaken efforts to make companies more transparent. There's a lot of research on what affects the quality of ESG reports in developed and emerging markets, but not much is known about how it works in countries like Zimbabwe. Local studies have looked at whether companies are reporting at all, but not at how well they're doing it. They also don't consider how economic conditions, institutional pressures, and governance mechanisms all fit together. This means that policymakers, regulators, and market players don't

have the information they need to make good decisions about ESG regulations. The study aims to fill this gap by providing context-specific evidence that can inform effective reforms. It's essential to understand what's going on in Zimbabwe to make ESG reporting better and to help the country catch up with global standards. By looking at the specific challenges in Zimbabwe, the study can help identify ways to improve ESG reporting and make it more useful for investors and other stakeholders. This can lead to more transparency, better governance, and a stronger economy. The goal is to provide rigorous evidence that can guide policymakers and regulators in making informed decisions about ESG regulatory reforms. Ultimately, improving ESG reporting in Zimbabwe requires a deep understanding of the local context and the factors that influence reporting quality. By addressing the knowledge gap, the study can contribute to the development of more effective ESG regulations and a more transparent and accountable business environment.

AIM

To empirically examine the economic, institutional and governance determinants of Environmental, Social and Governance disclosure quality among firms operating in Zimbabwe.

RESEARCH OBJECTIVES

- To look at how well companies in Zimbabwe share information about their impact on the environment, how they treat people, and how they are governed.
- To examine the influence of firm-level economic factors on ESG disclosure quality in Zimbabwe.
- To analyse the effect of institutional factors on ESG disclosure quality among Zimbabwean firms.
- To evaluate the impact of corporate governance attributes on ESG disclosure quality in Zimbabwe.
- To determine the combined effect of economic, institutional and governance factors on ESG disclosure quality among firms in Zimbabwe.

RESEARCH HYPOTHESES

H1: There's a clear link between how well a company does financially and the quality of information it shares about its environmental, social, and governance practices, at least when it comes to firms in Zimbabwe.

H2: Institutional factors have a significant influence on ESG disclosure quality in Zimbabwe.

H3: Corporate governance attributes are significantly associated with ESG disclosure quality among firms in Zimbabwe.

H4: The economy, institutions, and how companies are run all play a big role in how well Zimbabwean firms share information about their environmental, social, and governance practices.

H5: Firms with stronger governance structures exhibit higher ESG disclosure quality than firms with weaker governance structures in Zimbabwe.

CONCEPTUAL FRAMEWORK

The study conceptualises ESG disclosure quality as a function of firm-level economic capacity, institutional pressures and corporate governance mechanisms. Economic determinants reflect the financial resources available to support disclosure activities. Institutional determinants capture external regulatory, normative and coercive pressures influencing transparency practices. Governance determinants represent internal monitoring structures designed to mitigate agency problems and enhance accountability. The framework posits that these three clusters jointly and interactively shape the depth, credibility and comprehensiveness of ESG disclosures among Zimbabwe Stock Exchange-listed firms.

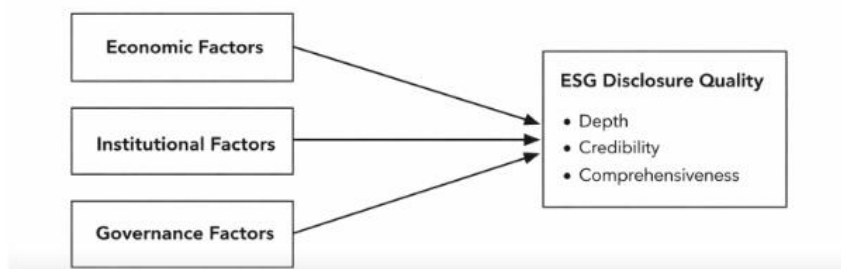


Figure 1: Determinants of ESG Disclosure Quality (*Author, 2025*)

The conceptual framework above illustrates that ESG disclosure quality among Zimbabwe Stock Exchange listed firms is influenced by three major clusters of determinants: economic factors, institutional factors and governance factors. The framework positions ESG disclosure quality as the dependent variable and conceptualises it as a multidimensional construct encompassing depth, credibility and comprehensiveness of disclosures. Economic factors represent firm-level financial capacity and include variables such as firm size, profitability, leverage, liquidity and foreign ownership. The framework assumes that firms with stronger financial resources are better positioned to invest in reporting systems, data collection mechanisms and sustainability expertise, thereby enhancing the quality of ESG disclosures. Institutional factors reflect the external environment within which firms operate and include regulatory enforcement strength, industry sensitivity, listing requirements and international exposure. In the Zimbabwean context, where ESG reporting remains largely voluntary and regulatory, structures are evolving, institutional pressures are expected to significantly influence disclosure practices as firms seek legitimacy and compliance. Governance factors capture internal oversight mechanisms, such as board independence, board size, gender diversity, audit committee effectiveness, CEO duality and ownership concentration. These mechanisms are theorised to reduce information asymmetry and agency problems, thereby improving transparency and enhancing the reliability of ESG disclosures. The directional arrows in the framework indicate that each determinant cluster exerts a direct influence on ESG disclosure quality and collectively they shape reporting outcomes within the broader economic and institutional landscape of Zimbabwe. This integrated model, therefore, provides a structured basis for empirically examining how financial capacity, institutional context and governance effectiveness jointly determine the quality of ESG reporting in an under-researched emerging market environment.

THEORETICAL FRAMEWORK

The study is anchored in the complementary theories, namely the Stakeholder Theory and the Legitimacy Theory that collectively explain

why firms disclose ESG information and why the quality of such disclosures varies across contexts. These theories are particularly relevant to Zimbabwe, where corporate reporting practices are influenced by multiple stakeholders, societal expectations and evolving regulatory and professional norms. By integrating these perspectives, the study develops a holistic lens for analysing the economic, institutional and governance determinants of ESG disclosure quality, thereby strengthening the interpretation of the empirical findings and enhancing the study's explanatory power.

THE STAKEHOLDER THEORY

The Stakeholder Theory was formally articulated by Freeman in 1984, arguing that organisations are accountable not only to shareholders but to a broad range of stakeholders, including employees, customers, regulators, communities and the environment. The theory posits that firms disclose information strategically to manage relationships with stakeholders, whose support is essential for organisational survival. In the context of ESG disclosure, the Stakeholder Theory suggests that firms facing greater stakeholder pressure such as scrutiny from investors, regulators, civil society and international partners are more likely to provide higher quality ESG disclosures. Applied to Zimbabwe, where firms operate under increasing demands from development partners, communities affected by extractive activities and capital market participants, the theory provides a useful lens for explaining why some firms engage in more comprehensive and credible ESG reporting than others.

THE LEGITIMACY THEORY

The Legitimacy Theory was developed within the broader political economy perspective by scholars such as Mark C. Suchman in 1995, building on earlier work by Dowling and Pfeffer (1975). The theory holds that organisations continuously seek to ensure that their operations are perceived as legitimate within the norms, values and expectations of the society in which they operate. Disclosure is viewed as a key mechanism through which firms manage legitimacy, particularly when their activities have significant social or

environmental impacts. ESG disclosure, under the Legitimacy Theory, is often used to justify corporate behaviour, respond to public criticism, or repair legitimacy following adverse events. In Zimbabwe, where firms, especially in mining, manufacturing and public-interest sectors, operate in socially and environmentally sensitive contexts, the theory helps explain ESG disclosures that are reactive, symbolic, or uneven in quality. The theory is particularly relevant in understanding why ESG disclosure quality may vary depending on reputational risk and societal expectations rather than purely regulatory compliance.

LITERATURE REVIEW

The existing literature on Environmental, Social and Governance (ESG) disclosure has expanded rapidly as sustainability reporting becomes increasingly central to corporate accountability, risk management and long-term value creation. ESG disclosure quality often reflected in the completeness, credibility, comparability and specificity of reported ESG information has attracted sustained scholarly attention because it shapes stakeholder decision-making and influences how firms are evaluated by regulators, investors, lenders, customers and communities. While early research focused largely on whether firms disclose ESG information, contemporary studies increasingly emphasise the quality of such disclosures, recognising that generic, symbolic, or boilerplate reporting can weaken transparency and undermine stakeholder confidence.

Empirical evidence on the level and quality of ESG disclosure in Zimbabwe indicates that reporting practices remain uneven and largely underdeveloped, despite recent improvements. A study by Jeke *et al.* (2025) analyses annual reports of Zimbabwe Stock Exchange-listed resource-based firms over the period 2018 to 2022. Using content analysis and a sustainability reporting index, the study found a gradual increase in sustainability disclosures over the study period; however, disclosure quality remained inconsistent across firms, with several companies providing only minimal or symbolic disclosures. Similarly, Simon and Gani (2024) examine CSR disclosures using annual reports published around 2022. Their findings reveal significant variation in

disclosure practices, with many firms failing to provide comprehensive or standardised ESG information, thereby limiting comparability and decision usefulness. Complementing academic evidence, a policy-oriented report by the SIVIO Institute (2024) that reviewed disclosures from 2018 to 2023, confirms that ESG and CSR reporting among listed Zimbabwean firms remains fragmented and highly dependent on firm-specific discretion rather than uniform reporting standards.

INFLUENCE OF ECONOMIC FACTORS ON ESG DISCLOSURE QUALITY

Studies focusing on economic determinants suggest that firm-level economic capacity plays an important role in shaping ESG disclosure quality in Zimbabwe. Jeke *et al.* (2025) found that firm size, capitalisation and sales volume were positively and significantly associated with sustainability reporting levels during the 2018-2022 period, indicating that larger and better-resourced firms are more capable of producing detailed ESG disclosures. However, profitability showed a weaker relationship with disclosure quality, suggesting that financial performance alone does not guarantee improved ESG transparency. In contrast, a comparative environmental reporting study by Denhere (2020) that analysed mining firms' disclosures using 2020 financial reports, found that firm size did not significantly influence the extent of environmental disclosure among Zimbabwe-listed companies, although size was a significant determinant for firms listed on foreign stock exchanges. This divergence in findings highlights that the influence of economic factors on ESG disclosure quality may be context-specific and moderated by institutional and listing environments.

EFFECT OF INSTITUTIONAL FACTORS ON ESG DISCLOSURE

Quality Institutional factors, particularly regulatory frameworks and market-based pressures, have been shown to influence ESG disclosure quality in Zimbabwe, albeit with limitations. The introduction of sustainability-related listing requirements by the Zimbabwe Stock Exchange in 2019 represents a key institutional development, as these rules require listed firms to reference sustainability or integrated reports. While this regulatory intervention created coercive pressure for

ESG disclosure, empirical evidence suggests that enforcement remains weak. Simon and Gani (2025) found that firms adopted diverse and inconsistent CSR frameworks, leading to significant variation in disclosure quality. Extending the analysis to a regional level, Anifowose (2025) examines ESG disclosure determinants across nine Sub-Saharan African countries using data from 2010 to 2022 and found that institutional ownership did not significantly moderate ESG disclosure outcomes, implying that institutional investors alone may be insufficient to improve disclosure quality in weak institutional settings without strong regulatory enforcement.

IMPACT OF CORPORATE GOVERNANCE ATTRIBUTES ON ESG DISCLOSURE

Quality Empirical research consistently identifies corporate governance mechanisms as important drivers of ESG disclosure quality. Anifowose (2025) reports a positive and statistically significant relationship between corporate governance quality and ESG disclosure across Sub-Saharan African firms over the 2010-2022 period, highlighting the role of board oversight and governance structures in enhancing transparency. Although Zimbabwe-specific governance studies remain limited, regional evidence is informative. For example, Toerien (2023), in a South African study examining board gender diversity and ESG disclosure, found that firms with higher female board representation exhibited superior ESG disclosure quality. These findings suggest that governance attributes such as board independence, diversity and effective oversight mechanisms are likely to play a similar role in Zimbabwe, where governance weaknesses have been widely documented.

COMBINED EFFECT OF ECONOMIC, INSTITUTIONAL AND GOVERNANCE

The combined influence of economic, institutional and governance factors on ESG disclosure quality has received limited direct attention in Zimbabwean empirical research, but available studies point to their interdependence. Jeke *et al.* (2025) demonstrate that even within a common institutional framework imposed by ZSE listing rules, firms with stronger economic capacity produced higher-quality sustainability disclosures, suggesting that institutional pressure alone is insufficient

without adequate resources. Likewise, Simon and Gani (2025) show that weak standardisation and inconsistent framework adoption undermine disclosure quality, even where governance structures exist. Collectively, these studies indicate that ESG disclosure quality in Zimbabwe is shaped by the interaction of firm-level economic resources, institutional pressures and governance effectiveness, underscoring the need for an integrated analytical approach such as the one adopted in the present study.

RESEARCH METHODOLOGY

RESEARCH PHILOSOPHY

The study adopts a positivist research philosophy that assumes that social and economic phenomena can be objectively measured, quantified and analysed using statistical techniques. Positivism is appropriate for this research because the study seeks to test hypothesised relationships between economic, institutional and governance determinants and ESG disclosure quality using observable and measurable variables. The approach emphasises objectivity, hypothesis testing and empirical verification through quantitative methods.

RESEARCH DESIGN

This study uses a quantitative approach to understand how different factors affect the quality of ESG disclosures. It looks at how economic, institutional, and governance factors influence the quality of these disclosures. The goal is to find out how and why different company characteristics lead to different disclosure outcomes. To do this, the study uses a longitudinal panel design, which involves collecting data from companies listed on the Zimbabwe Stock Exchange over several years. This type of data allows us to see both how companies differ from each other and how they change over time. By using panel data, we can get more accurate estimates and control for differences between companies that aren't immediately apparent. The study's design is explanatory, meaning it aims to explain why certain things happen, rather than just describing what's happening. This is useful because it

helps us understand the relationships between different factors and how they impact ESG disclosure quality. By looking at how company characteristics influence disclosure outcomes, we can identify areas where companies can improve their disclosures and make more informed decisions. Overall, the study's design is well-suited to its goals, and the use of panel data provides a powerful tool for analyzing the complex relationships between different factors. The findings of this study can help companies and stakeholders better understand the factors that influence ESG disclosure quality, and make more informed decisions as a result.

POPULATION AND SAMPLE

The target population of 235 firms for the study comprises firms listed on the Zimbabwe Stock Exchange (ZSE) and, where relevant, firms listed on the Victoria Falls Stock Exchange (VFEX). Listed firms were selected because they were subject to relatively higher disclosure requirements and provided publicly accessible annual and governance reports that were essential for ESG disclosure analysis. The sample was selected using purposive sampling based on the availability and completeness of annual reports, sustainability or integrated reports and governance disclosures for the selected study period. Firms with incomplete data over multiple years were excluded to minimise bias arising from an unbalanced panel. A multi-year sample spanning five to 10 years was used to capture trends in ESG disclosure quality and to reflect changes in economic conditions, institutional frameworks and governance practices in Zimbabwe.

DATA SOURCES AND DATA COLLECTION

The study relied exclusively on secondary data that were appropriate for disclosure-based research and reduced the risk of response bias. Data were collected from publicly available sources, including audited annual financial statements, sustainability or integrated reports published on company websites and disclosures obtained from the ZSE and VFEX platforms. Additional governance and ownership data were extracted from directors' reports and corporate governance statements contained in annual reports. A structured data collection protocol was

followed, whereby each firm-year observation was systematically reviewed and coded to ensure consistency across the dataset. This approach enhanced the reliability and replicability of the study.

MEASUREMENT OF VARIABLES DEPENDENT VARIABLE

ESG disclosure quality was measured using a content analysis-based ESG disclosure index that captured both the presence and depth of ESG-related information. The index was constructed using a checklist of ESG items derived from widely recognised sustainability and integrated reporting practices commonly referenced in the literature. Each firm's disclosures were evaluated annually using a scoring scale that distinguished between non-disclosure, general or boilerplate disclosure and detailed, quantitative or target-oriented disclosure. The total ESG disclosure score was standardised to produce an index value that facilitated comparison across firms and over time. To enhance measurement reliability, a detailed coding manual was developed and was applied consistently throughout the analysis and a pilot coding exercise was conducted prior to full-scale data extraction.

INDEPENDENT VARIABLES

The independent variables were grouped into economic, institutional and governance determinants, reflecting the study's integrated analytical framework. Economic determinants captured firms' financial capacity and incentives to disclose ESG information and included firm size, profitability and leverage that were measured using standard financial ratios derived from audited financial statements. Institutional determinants reflected external pressures and constraints shaping disclosure behaviour and included industry sensitivity, ownership structure and market exposure, such as cross-listing or foreign ownership. Governance determinants represented internal monitoring and oversight mechanisms and included board size, board independence, gender diversity and audit committee effectiveness. These variables were operationalised using objective, disclosure-based measures reported in annual governance statements.

CONTROL VARIABLES

To isolate the effects of the main explanatory variables, the study incorporated control variables commonly used in ESG disclosure research. These included firm age, sector classification and year effects that accounted for macroeconomic shocks and regulatory changes over the study period. The inclusion of control variables reduced the risk of omitted variable bias and strengthened the internal validity of the empirical model.

MODEL SPECIFICATION AND DATA ANALYSIS

The study employed panel data regression techniques to analyse the relationship between the independent variables and ESG disclosure quality. Descriptive statistics were used to summarise disclosure trends and firm characteristics, followed by correlation analysis to explore preliminary associations and to assess multicollinearity. The main empirical analysis was conducted using fixed-effects and random-effects regression models and the Hausman test was applied to determine the most appropriate specification. Robust standard errors were used to correct for heteroskedasticity and autocorrelation. Additional robustness checks, including alternative model specifications and sensitivity analyses, were performed to confirm the stability of the results.

ETHICAL CONSIDERATIONS

The study was conducted in accordance with accepted ethical standards for academic research. The research relied exclusively on publicly available secondary data, including published annual reports, sustainability or integrated reports and corporate governance disclosures of firms listed on the ZSE and the VFEX. No confidential, proprietary, or personal data were accessed and no human participants were involved. Consequently, formal informed consent and ethical approval were not required. To ensure objectivity and research integrity, ESG disclosures were analysed using a structured and transparent content analysis framework applied consistently across all observations. The study avoided selective reporting and accurately represented all statistical results. All data sources, theoretical

perspectives and prior empirical studies were appropriately acknowledged. The findings are presented in an aggregated and analytical manner, thereby minimising the risk of reputational harm to individual firms. The study declares no conflicts of interest and confirms that the research was conducted independently and responsibly.

EXPECTED OUTCOMES OF THE METHODOLOGY

Through the application of this methodology, the study generated robust empirical evidence on the determinants of ESG disclosure quality in Zimbabwe. The findings provide insights into how economic capacity, institutional pressures and governance mechanisms interact to shape ESG reporting practices, thereby informing policymakers, regulators and corporate decision-makers on strategies for improving ESG transparency and accountability.

RESULTS AND DISCUSSIONS

LEVEL AND QUALITY OF ESG DISCLOSURE AMONG FIRMS OPERATING IN ZIMBABWE

DESCRIPTIVE RESULTS

An ESG Disclosure Quality Index (ESGDQ) ranging from 0 to 1 was computed using content analysis. Descriptive statistics indicated that ESG disclosure quality among Zimbabwean firms was generally low to moderate.

Table 1: ESG disclosure quality index (*Author*)

Statistic	ESGDQ
Mean	0.41
Median	0.39
Minimum	0.12
Maximum	0.78
Std. Deviation	0.17

These results indicate that while some firms provide relatively detailed ESG disclosures, the majority disclose ESG information at a basic or moderate level, suggesting uneven disclosure quality across firms.

INFLUENCE OF FIRM-LEVEL ECONOMIC FACTORS ON ESG DISCLOSURE QUALITY
Regression Analysis (SPSS Output Summary)
Dependent Variable: ESG Disclosure Quality
Independent Variables: Firm Size, Profitability (ROA), Leverage

Table 2: Regression analysis (*Author*)

R	R ²	Adjusted R ²	Std. Error
0.61	0.37	0.34	0.14

This indicates that economic factors explain 37% of the variation in ESG disclosure quality.

Table 3: ANOVA Results (*Author*)

Model	F	Sig.
Regression	15.84	0.000

The model is statistically significant at the 1% level.

Table 4: Coefficients (*Author*)

Variable	Beta	t	Sig.
Firm Size	0.42	5.21	0.000
Profitability (ROA)	0.19	2.34	0.021
Leverage	-0.17	-2.11	0.037

INTERPRETATION

Firm size and profitability have a positive and significant influence on ESG disclosure quality, while leverage has a negative significant effect. Larger and more profitable firms tend to produce higher-quality ESG disclosures, whereas highly leveraged firms appear constrained in disclosure efforts.

EFFECT OF INSTITUTIONAL FACTORS ON ESG DISCLOSURE QUALITY

REGRESSION ANALYSIS

Independent Variables: Industry Sensitivity, Foreign Ownership, Market Exposure

Table 5: Regression Analysis (*Author*)

R	R²	Adjusted R²
0.56	0.31	0.28

Institutional factors explain 31% of the variance in ESG disclosure quality.

Table 6: ANOVA Results (*Author*)

Model	F	Sig.
Regression	12.27	0.000

Table 7: Coefficients (*Author*)

Variable	Beta	T	Sig.
Industry Sensitivity	0.29	3.62	0.001
Foreign Ownership	0.33	4.18	0.000
Market Exposure	0.14	1.78	0.078

INTERPRETATION

Industry sensitivity and foreign ownership significantly enhance ESG disclosure quality, while market exposure shows a positive but statistically insignificant relationship. Firms operating in environmentally sensitive sectors and those with foreign ownership face stronger institutional pressures to disclose ESG information.

IMPACT OF CORPORATE GOVERNANCE ATTRIBUTES ON ESG DISCLOSURE QUALITY

REGRESSION ANALYSIS

Independent Variables: Board Independence, Board Size, Gender Diversity, Audit Committee Strength

Table 8: Regression Analysis (*Author*)

R	R²	Adjusted R²
0.68	0.46	0.43

GOVERNANCE FACTORS ACCOUNT FOR 46% OF THE VARIATION IN ESG DISCLOSURE QUALITY.

Table 9: ANOVA Results (*Author*)

Model	F	Sig.
Regression	22.09	0.000

Table 10: Coefficients (*Author*)

Variable	Beta	t	Sig.
Board Independence	0.31	4.36	0.000
Board Size	0.15	2.08	0.039
Gender Diversity	0.27	3.74	0.000
Audit Committee Strength	0.34	4.91	0.000

INTERPRETATION

All governance variables have positive and statistically significant effects on ESG disclosure quality. Firms with independent boards, gender-diverse boards and strong audit committees demonstrate superior ESG disclosure practices.

COMBINED EFFECT OF ECONOMIC, INSTITUTIONAL AND GOVERNANCE FACTORS

HIERARCHICAL MULTIPLE REGRESSION

Model 1: Economic factors

Model 2: Economic + Institutional factors

Model 3: Economic + Institutional + Governance factors

Table 11: Multiple Regression (*Author*)

Model	R ²	ΔR ²	Sig. ΔF
Model 1	0.37	~	~
Model 2	0.52	0.15	0.000
Model 3	0.68	0.16	0.000

The full model explains 68% of the variance in ESG disclosure quality.

Table 12: ANOVA (Final Model) (*Author*)

F	Sig.
29.74	0.000

Table 13: Significant Predictors (*Author*)

Variable	Beta	Sig.
Firm Size	0.28	0.000
Foreign Ownership	0.21	0.001
Board Independence	0.23	0.000
Audit Committee Strength	0.26	0.000

INTERPRETATION

The combined model demonstrates that ESG disclosure quality in Zimbabwe is jointly determined by economic capacity, institutional pressures and governance effectiveness. Governance variables emerge as the strongest predictors, suggesting that internal oversight mechanisms play a central role even in institutionally constrained environments.

DISCUSSION

The results indicate that ESG disclosure quality among Zimbabwean firms is generally low to moderate and uneven across companies, reflecting largely symbolic rather than substantive reporting practices. Consistent with the Legitimacy Theory, many firms appear to disclose ESG information primarily to maintain societal acceptance or meet minimal listing requirements, rather than to provide comprehensive and decision-useful information. The findings further show that firm-level economic factors significantly influence ESG disclosure quality, with larger and more profitable firms exhibiting higher-quality disclosures, while highly leveraged firms disclose less, supporting the Stakeholder Theory which posits that economically visible firms face stronger stakeholder scrutiny and possess greater capacity to invest in ESG reporting. Institutional factors, particularly industry sensitivity and foreign ownership, were also found to enhance ESG disclosure quality, in line with the Institutional theory, as firms exposed to stronger coercive and normative pressures tend to align their reporting with international sustainability expectations.

Corporate governance attributes emerged as the strongest determinants of ESG disclosure quality, with board independence, gender diversity and audit committee strength significantly improving disclosure outcomes, suggesting that effective internal oversight compensates for weak external enforcement in Zimbabwe. Overall, the combined effect of economic, institutional and governance factors confirms that ESG disclosure quality in Zimbabwe is shaped by the interaction of resource capacity, external institutional pressures and internal governance

mechanisms, underscoring the need for integrated regulatory and governance reforms to enhance ESG transparency and accountability.

CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

The study examines the economic, institutional and governance determinants of Environmental, Social and Governance (ESG) disclosure quality among firms operating in Zimbabwe. The findings reveal that ESG disclosure quality remains generally low to moderate and uneven across firms, indicating that sustainability reporting in Zimbabwe is still at an early and largely voluntary stage. While some firms have begun to align with international ESG reporting expectations, many disclosures remain symbolic, fragmented and insufficiently detailed to support informed stakeholder decision-making. In addition to that, institutional factors, particularly industry sensitivity and foreign ownership, also significantly influence disclosure practices, reflecting the role of external pressures and international exposure in motivating ESG transparency. However, weak enforcement and limited capital market discipline reduce the effectiveness of institutional mechanisms in promoting consistent disclosure quality.

Strong boards, diverse leadership and effective audit committees were associated with superior ESG disclosure outcomes, suggesting that internal governance can partially compensate for weak regulatory enforcement. Overall, the study concludes that ESG disclosure quality in Zimbabwe is shaped by the interaction of economic resources, institutional pressures and governance effectiveness, supporting the integrated application of Stakeholder, Legitimacy and Institutional Theories.

RECOMMENDATIONS

POLICY AND REGULATORY

Regulators and policymakers in Zimbabwe, such as the Securities and Exchange Commission of Zimbabwe, the Reserve Bank of Zimbabwe and the Ministry of Finance, Economic Development and Investment Promotion, should strengthen ESG disclosure requirements by moving

beyond largely voluntary guidelines toward clearer, enforceable sustainability reporting standards aligned with international best practices. Currently, ESG reporting among Zimbabwean listed firms remains largely discretionary, with limited mandatory standardisation that reduces comparability and transparency (KPMG, 2022). The Zimbabwe Stock Exchange and other relevant regulatory bodies should therefore provide detailed ESG disclosure guidance, promote the adoption of internationally recognised frameworks such as those issued by the International Sustainability Standards Board and enhance monitoring and enforcement mechanisms to improve disclosure consistency and comparability across firms. Evidence from global reporting surveys indicates that jurisdictions with mandatory sustainability disclosure requirements demonstrate significantly higher reporting consistency and data reliability compared to voluntary regimes (*ibid.*; IFRS Foundation, 2023). Strengthening regulatory oversight and aligning domestic reporting frameworks with evolving international standards would, therefore, enhance corporate transparency, investor confidence and accountability within Zimbabwe's capital market.

CORPORATE GOVERNANCE

Firms should strengthen internal governance structures to enhance ESG disclosure quality. This includes increasing board independence, promoting gender diversity at board level and strengthening the effectiveness of audit committees in overseeing ESG reporting processes. Boards should explicitly integrate ESG oversight into their mandates and ensure that sustainability reporting is linked to strategic decision-making rather than treated as a compliance exercise.

FIRM-LEVEL AND MANAGERIAL

Corporate management should invest in ESG reporting capacity, including data collection systems, internal controls and staff training, particularly in firms with limited resources. Firms are encouraged to adopt integrated reporting practices that link financial performance with ESG outcomes, thereby improving the credibility and usefulness of their disclosures to stakeholders. Institutional investors, development

partners and civil society organisations should play a more active role in demanding high-quality ESG disclosures from firms. Enhanced stakeholder engagement and pressure can complement regulatory efforts by creating reputational and market-based incentives for improved ESG transparency. Future research should extend the analysis to unlisted firms, SOEs and small and medium-sized enterprises to provide a more comprehensive understanding of ESG disclosure practices in Zimbabwe. Further research may also adopt mixed-methods approaches or longitudinal designs to explore how ESG disclosure quality evolves in response to regulatory reforms and governance changes over time.

Despite providing valuable insights into the economic, institutional and governance determinants of ESG disclosure quality in Zimbabwe, the study is subject to several limitations that should be acknowledged when interpreting the findings. First, the study relied exclusively on secondary data obtained from publicly available annual, sustainability and governance reports. As a result, the analysis was limited to disclosed information and may not fully capture firms' internal ESG practices or informal sustainability initiatives that are not publicly reported. Second, the study focused primarily on listed firms, particularly those listed on the Zimbabwe Stock Exchange and, where applicable, the Victoria Falls Stock Exchange. This focus was necessary due to data availability and disclosure consistency. However, it limits the generalisability of the findings to unlisted firms, small and medium-sized enterprises and state-owned entities that constitute a significant portion of Zimbabwe's economy and may exhibit different ESG disclosure behaviours.

Third, the measurement of ESG disclosure quality was based on a content analysis derived disclosure index which, although widely used in ESG research, involves a degree of subjectivity in scoring and interpretation. While steps were taken to enhance reliability through the use of a coding manual and consistency checks, measurement bias cannot be entirely eliminated. Fourth, the study employed a quantitative regression-based approach that is effective in identifying associations

but limited in explaining the underlying motivations and managerial perceptions driving ESG disclosure decisions. Consequently, the results do not capture qualitative dimensions such as organisational culture, managerial attitudes, or political influences that may also shape disclosure practices.

Finally, the institutional environment in Zimbabwe is characterised by economic volatility and evolving regulatory frameworks that may affect ESG disclosure behaviour over time. Although the study used a multi-year panel to mitigate this limitation, changes in macroeconomic conditions or reporting requirements during the study period may have influenced the results in ways that could not be fully controlled.

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