BINDURA UNIVERSITY OF SCIENCE EDUCATION

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DEPARTMENT OF ACCOUNTING

THE IMPACT OF SUSTAINABILITY REPORTING ON THE PERFORMANCE OF LISTED COMPANIES ON THE ZIMBABWE STOCK EXCHANGE

By

B202253B

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NAME OF AUTHOR : B202253B

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Abstract

Sustainability reporting has become a global phenomenon where investors are now targeting companies which are sustainable. However, sustainability reporting, in developing countries such as Zimbabwe had been studied by few to identify its impact on performance. The study sought to ascertain the impact of sustainability reporting on the performance of listed companies in Zimbabwe. The main objective covered in this study was to determine the impact and relationship of sustainability reporting on performance of companies listed on the Zimbabwe Stock Exchange. The other objectives of the study were to evaluate the aspects of sustainability reporting that were disclosed by the listed companies to identify factors that influenced companies' attitude towards sustainability reporting and to find out the perception of stakeholders on the significance of undertaking sustainability reporting practices by Zimbabwe listed firms. The study employed content analysis. In the study sustainability reporting score was considered to be the independent variable and the dependent variables included return on assets (ROA), with firm size's total assets as a control variable. The sample of the study was 9 companies who were from different 9 sector indices and different stakeholder groups across Zimbabwe. Both primary data and secondary data was utilized for the research. Correlation and regression analysis were done in this research after the data was put on IBM SPSS 20. It was noted that sustainability reporting had a negative impact in the short run and a positive impact in the long run and a relationship exist between these two variables. Moreover, it was discovered that company size, is one of the factors that influence company's attitude towards sustainability reporting. It was recommended that further studies conducted on sustainability reporting and individual sustainability reporting aspects' impact on corporate performance.

Key words: *sustainability reporting, company performance, return on assets, total assets, content analysis.*

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List of acronyms

ESG……………. Environmental, Social and Governance

GRI…………… Global Reporting Initiative

IFRS…………… International Financial Reporting Standards

IIRC…………… International Integrated Reporting Council

ISSB…………… International Sustainability Standards Board

KPI……………. Key Performance Indicator

NDS…………… National Development Strategy

ROA …………... Return on Assets

ROE…………… Return on Equity

ROI………….... Return on Investment

SASB…………. Sustainability Accounting Standards Board

SDG…………... Sustainable Development Goals

TCFD………… Task Force on Climate-Related Financial Disclosures

VFEX…………..Victoria Falls Stock Exchange

ZSE…………… Zimbabwe Stock Exchange

CHAPTER I

GENERAL INTRODUCTION

1.0. Introduction

The main objective of this research is to examine how listed company's performance on the ZSE, the country's biggest stock market, is impacted by sustainability reporting. Along with defining important words, delimitations, and limitations, it will also highlight the study's significance and provide a summary to the chapter. This chapter introduced the research topic, where the background of sustainability reporting was looked at, the problem statement formulated as well as research objectives addressed.

1.1. Background

The term sustainability reporting can be described as how companies communicate their impact on ESG issues (Aggrwal, 2013). Due to a number of factors including investor interest, industry initiatives, stakeholder demand, legal requirements, and international standards, sustainability reporting has become a global phenomenon. Further clarification is still required about the definition, scope, assurance, and quality of sustainability reporting together with the benefits and drawbacks it offers to businesses and society at large.

Under the IFRS Foundation, a new body called the ISSB was established with the goal of establishing a worldwide standard for sustainability disclosure requirements IFRS S1 which was also approved by Zimbabwe. The IFRS S1 requires financial statements and sustainability disclosures to be published at the same time. This is expected to enhance the quality, comparability and consistency of sustainability information for investors and other stakeholders. Zimbabwean companies have the chance to do well on sustainability reporting because it goes along with both the AU Agenda 2063 and the UN Agenda 2030 in which the country is following. These two agendas, which complement one another, offer a direction and a road map for sustainable development in Africa and across the world. There are seventeen SDGs in Agenda 2030 of the UN that address many aspects of development, including social, economic, and environmental (Chimwamurombe & Gona, 2022). The AU Agenda 2063 consists of seven aspirations that reflect Africa's vision for an integrated, prosperous and peaceful continent. Both agendas require regular monitoring and reporting on progress and challenges. Therefore, sustainability reporting can be a useful tool for Zimbabwe to demonstrate its contribution and commitment to these agendas.

As a result of the rapidly expanding sustainability challenges and recommendations from governments and other independent bodies, sustainability reporting was made mandatory in Zimbabwe by the ZSE in 2019 under S.I 134 of 2019, which obliges all listed companies to publish sustainability reports on their annual reports, newsletter or as a stand-alone report. When disclosing their sustainability practices, listed companies are required by the Securities and Exchange Act to adhere to certain regulations. These regulations include industry or sector-specific reporting requirements and globally recognized reporting standards, such as the GRI Standards. Stakeholders and performance of a company are affected differently by sustainability practices disclosed by a company, hence the review of the impacts which follows the disclosing sustainability reporting to stakeholders on the overall performance of a company is necessary. In light of this, the researcher set out to examine the potential effects on a company's financial performance that may arise from disclosing sustainability data that details the company's contributions to environmental, social, and governance (ESG) concerns, both positively and negatively.

Whether sustainability reporting gives a positive or negative effect on a firm’s financial performance is one of the central arguments in the literature. According to some research, financial performance can be improved through sustainability reporting, through raising capital, lowering risks, boosting customer loyalty, and developing a competitive edge. According to other research, financial performance may be negatively impacted by sustainability reporting due to increased expenses, resource diversion, vulnerability exposure, criticism, and trade-offs. This study intends to enrich the works regarding sustainability reporting in Zimbabwe by studying the connections in it and firm performance, a response to Zimbabwe's support for mandated sustainability reporting from publicly traded companies on the ZSE. The literature hasn't done enough research on how sustainability reporting affects ZSE listed businesses' financial performance.

1.2. Problem statement

Companies are being examined more and more for some of the negative effects of their operations on their workforce, society, and the environment, together with human rights (Buallay, et al., 2019). The extreme environmental degradation, disregards for business standards, and threats to employee safety that occurs when a company is focusing mainly on profit making can alarm stakeholders which include but not limited to shareholders, investors, customers, suppliers, the government, and employees. Companies are frequently investing in reporting on their non-financial performances such as sustainability reporting because they want to be transparent with their stakeholders or because they think that doing so will boost their performance. As part of listing requirements mandated by the ZSE, that companies listed are required to disclose their sustainability issues, it is not known, however, whether or how much performance may be impacted by that mandated procedure of producing sustainability information and how stakeholders perceive it. Furthermore, not much study has been done on how sustainability reporting affects investor confidence, corporate performance, and reputation in underdeveloped nations like Zimbabwe.

1.3. Research objectives

i. To identify the impact of and relationship between sustainability reporting of ZSE listed companies and financial performance.
ii. To identify which aspects of sustainability reporting were being reported by the companies.
iii. To explore the factors that influence sustainability practices by companies publicly trading on the ZSE.
iv. To assess stakeholder's perception of the significance of sustainability reporting practices by listed entities, focusing on its impact on and relationship with performance, the quality and factors affecting sustainability reporting.

1.4. Research questions

The research makes an effort to respond to the following questions:

i. How does sustainability reporting impact performance of listed companies and is there a potential relationship between it and performance of companies trading publicly on the ZSE?
ii. What aspects of sustainability reporting are being disclosed by listed companies?
iii. What are the factors that influence listed companies' sustainability reporting practices?
iv. What are the stakeholders' perceptions of the significance of sustainability practices by Zimbabwe listed entities, particularly in terms of their impact on performance, the relationship between performance and reporting on sustainability, the quality of reporting and factors influencing its implementation?

1.5. The study's significance

1.5.1. Zimbabwe Stock Exchange

This study will help improve the effectiveness and efficiency of sustainability reporting in Zimbabwe thereby increasing the competitiveness of local companies and help attract foreign direct investments (FDI) and also to evaluate the governance of each and every listed company. The results of the study will help ZSE in reviewing which companies are driving forward the sustainability development of the country.

1.5.2. Researcher

The researcher learnt a great deal about reporting on sustainability. He focused a lot on this practice throughout the research, since it was interesting to see how leading Zimbabwean firms who are listed on the ZSE implemented the concept of sustainability reporting and how it could have affected their performance.

1.5.3. BUSE

Future researchers, particularly students, will utilize this research as a source of information for their studies.

1.5.4. The corporate world

By offering insights into the practices and effects of sustainability reporting, this study will advance current knowledge among listed companies on the ZSE. Policymakers, investors, and business managers who want to learn more about and enhance sustainability processes may find the results helpful.

1.6. Delimitation

The scope of this study was restricted to ZSE-listed companies, and it examined how sustainability reporting affected these companies. The years 2019 through 2022 were included in the study. In order to evaluate these businesses' dedication to sustainability and the effect that these practices had on their performance, this research looked at their annual reports and sustainability reports.

1.7. Limitations

i. The scope of sustainability reporting is broad and encompasses ESG practises, among other challenges. However, due to time and resource limitations, it was possible to reveal all components of sustainability reporting and as such the researcher made use of some indicators for all the aspects to arrive at the study' goal.
ii. The quantifying of the ESG aspects of sustainability performance required subjective judgements and assumptions, hence the researcher assigned a score on the indicators disclosed and no score for those disclosed thereby aiding the quantification.
iii. The findings of this study were specific to ZSE listed companies and may not be generalizable to some regions or contexts and as the researcher offered some recommendations in this study which might be helpful to other areas.

1.8. Assumptions

i. The sample selected is a fair representation of the whole population.
ii. The study suggested that there exists a causal connection among sustainability reporting with firm performance. Consequently, any modifications made to reporting may impact an entity's performance.

iii. The study's collection of annual and sustainability reports provided an accurate and impartial assessment of the sustainability performance and implications of the organization.
iv. The annual and sustainability reports used in this study were well verified by an auditor.

1.9. Definitions

Sustainability reporting- is the process of tracking performance, reporting findings, and holding internal and external stakeholders responsible for it while pursuing sustainable development (Ndamba, R, 2014). Sustainability reporting is defined as providing non-financial performance information to external parties about an organization, either voluntarily or by mandate (Erkens, et al., 2015).

Sustainability report- provide a fair and impartial assessment of the reporting organization's sustainability performance, taking into account both positive and negative contributions (Global Reporting Initiative, 2022)

Company performance- is a generic phrase that refers to how well a firm is reaching its goals and objectives, as well as how it compares to its rivals or industry standards. Company performance can be described by using non-financial metrics that measure quality, customer satisfaction, innovation, social responsibility, governance and environmental impact of a company as well as financial metrics which measures the ROA and the ROE and these metrics are called key performance indicators (KPIs) (Aifuwa, 2020).

1.10. Summary

This chapter served as a broad overview of the study, outlining its objectives. This chapter also demonstrates the study's significance, limitations, and delimitations. This study's examination of the literature will be examined in the upcoming chapter.

CHAPTER II

LITERATURE REVIEW

2.0. Introduction

The process of selecting relevant works of literature, whether they are published or unpublished, that are written from certain views in order to achieve specific aims or transmit particular viewpoints on the nature of the subject and the most effective means to explore it is known as a literature review (Hart, 1998). They also entail a thorough evaluation of these papers in light of the suggested study (Hart, 1998). The informational goals of the research, the conceptual, theoretical and empirical frameworks, and the gaps in the existing works will be the main topics of this chapter.

2.1. Conceptual framework

This is explained as a tool in a piece of work that is focused at empowering scholars to develop their knowledge and understanding of the condition under study and enlighten reader (Mkude, 2020). The UN SDGs, which contain global objectives aimed at achieving a more sustainable future for all by 2030, serve as the foundation for determining the pertinent sustainability indicators for ZSE listed firms. Using the UN SDGs, the GRI was the appropriate framework for this research, though there were many others, including the IIRC, SASB, and TCFD (Chimwamurombe & Gona, 2022). This is because GRI is one of the widely used reporting standard, the ZSE also recommended its companies to use the GRI guidelines, and it is the best that can help this study achieve its goals and address the research questions. The concepts and variables which relate to this study are, sustainability reporting, company performance, sustainability performance and the ZSE listed companies.

Table 2.1: The conceptual framework

Concept	**Variable**	**Indicator**	**Source**
Sustainability	GRI reporting	Whether an entity reports according	Company website, reports or ZSE

		to the GRI standards and principles	website
Company financial performance	Financial performance	ROA, ROE, ROI and EVA	Company reports
Sustainability performance	Economic performance	Market presence, indirect economic impacts, and procurement practices, anti-corruption.	GRI 201-206
	Environmental performance	Energy consumption, material usage, water and effluents, biodiversity, emissions, waste, and supplier environmental assessment	GRI 301-308
	Social performance	Employment, occupational health and safety, diversity and equality, and local community consideration	GRI 401-419

External factors	Regulatory environment	Laws, regulations, standards, and policies that affect sustainability reporting and performance	Government or industry sources
	Political environment	Political stability, corruption, and democracy that affect sustainability reporting and performance	World bank or transparency international

Source: author's compilation

2.2. Global Reporting Initiative (GRI)

GRI was founded in 1997 in Boston, Massachusetts, and its foundation was one of the most crucial stages in the development of sustainability reporting and it became a widely adopted framework (Global Reporting Initiative, 2022). Its goal was to provide the sustainability framework that would require firms to follow the principles of ethical environmental behaviour. Later, when sustainability reporting requirements were developed, the framework was broadened to include ESG concerns as well. The GRI Standards cover a wide range of themes, from biodiversity to taxes. The first worldwide basis for reporting on sustainability was provided by the guidelines' initial edition (G1), which was completed in 2000. GRI was established as a distinct non-profit organization the following year. 2002 saw the first update to the Guidelines (G2) published and the GRI Secretariat open in Amsterdam, Netherlands (Global Reporting Initiative, 2022). The GSD and SSD are the two portions of the G3 (2006) and G4 (2013) Guidelines, which, as a reaction to the growing need for GRI reporting and adoption by enterprises, were expanded and enhanced. With the introduction of the new standards, GRI ceased issuing guidelines in 2016 and became the first to issue standards for sustainability reporting.

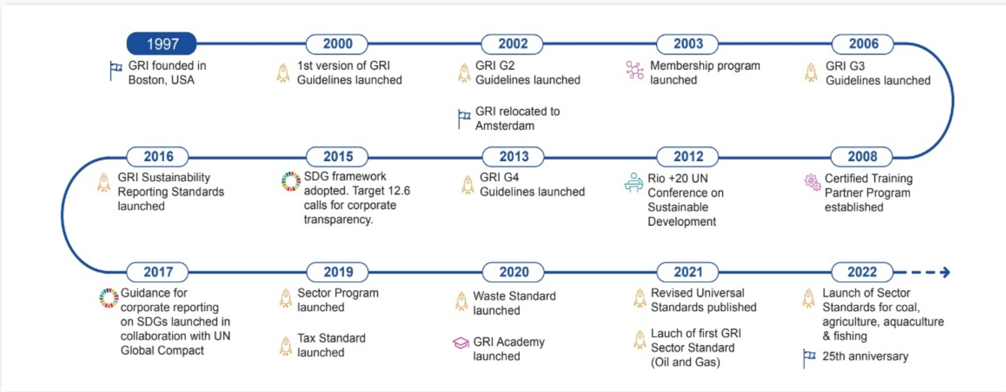

Figure 2.1: journey of GRI

Source: (Global Reporting Initiative, 2022)

The majority of the top organizations (90%) in the world use the GRI framework to report their sustainability activities (Aifuwa, 2020). Disclosure of various sustainability-related topics, such as ESG data in compliance with the GRI Standards, is also a recommended by the ZSE Listing Requirements. GRI assists companies and other groups with reporting on how they affect society, the environment, and the economy.

2.3. Company performance

One approach to evaluate how effectively a firm is meeting its goals is to look at its performance. A number of techniques and metrics can be used to assess an entity's performance, depending on its goals and working environment. Numerous metrics, such as financial performance, organizational performance, and business performance, can be used to measure a company’s overall performance.

An organization's capacity to raise finance and genuinely manage its resources, commitments, and stakeholders' and investors' financial interests is referred to as its financial performance. A company's financial performance may also be compared to rivals or industry standards in order to determine its relative position in the market and include items such as ROA, ROE, net revenue growth and dividend yield (Kenton, 2023).

How successfully an organization integrates its structures, procedures, and resources with its goals, mission, and core values is referred to as organizational performance. Numerous factors, including customer satisfaction, employee engagement, innovation, quality, efficiency, and so forth, can be used to measure organizational performance. The leadership, strategy, and culture of the company can all have an impact on organizational performance.

The ability of a business to carry out its fundamental operations and provide value to its clients is referred to as business performance (Market Business News, 2023). Numerous metrics, including sales, market share, customer retention, product development, etc., can be used to gauge the business performance. The company's value proposition, competitive advantage, and differentiation can all have an impact on business performance (Terpilowski, 2022).

Company performance is influenced by both financial and non-financial factors (Terry, 2020). An industry's specific KPIs are used to measure company performance, these KPIs typically include profitability, productivity, sales growth, customer satisfaction ratings, and market share improvements (Terpilowski, 2022). Non-financial KPIs include items like employee satisfaction in general, customer satisfaction, and environmental concerns that fall under the ESG framework. Financial KPIs are typically classified as ROA, ROE, or ROI.

When evaluating a company's performance, studies typically ignore non-financial factors entirely and concentrate only on financial factors like ROE or ROA (Aifuwa, 2020) and (Alshehhi, et al., 2018) noted.

2.4. ZSE and sustainability reporting

The main stock market in Zimbabwe is the Zimbabwe Stock Exchange. It is a partner of the Sustainable Stock Exchange (SSE) program, a global platform for advancing sustainable business practices and capital markets, and it has 56 listed entities (zse.com, 2024), (sseinitiative.org, 2023). Zimbabwe is no stranger to sustainability reporting, particularly for listed companies obliged to provide these reports under the Securities and Exchange (ZSE Listing Requirements) Rules 2019 (Chimwamurombe & Gona, 2022).

A sustainability report must be produced by publicly traded companies at least once a year in order to meet listing standards, which include reporting on issues related to sustainability. This report may be released individually or as part of the annual report (businesstimes.co.zw, 2019). Furthermore, it mandates that the firm's efforts to mitigate these issues and address major ESG concerns that affect the organization and its stakeholders be included in the sustainability report. In addition, it stipulates that the sustainability report, may be prepared in line with GRI Standards, which is framework that is most frequently followed internationally. Moreover, the listing standards require that the sustainability report be reviewed by an unbiased third party, for example an auditor or consultant, to ensure its reliability and integrity.

The ZSE believes that the listing requirements would encourage listed companies to adopt greener business practices and enhance transparency, accountability, and a company's reputation among stakeholders. The ZSE believes also that firms that report on sustainability will continue to attract new ESG investors who are looking for firms with solid governance, beneficial environmental benefits, and social impact. The ZSE provided support for bringing the NDS 1 into line with the UN SDG 2030 and the AU's 2063 mutually reinforcing frameworks of sustainable development by requiring listed companies to disclose sustainability practices.

2.5. Overview of sustainability reporting

Sustainability and reporting are the two terms which make up sustainability reporting and therefore, sustainability refers to the concept of promoting the use of resources without minimizing their value for future generation whilst reporting is the process of providing all or some of an entity's data to stakeholders who require it for various reasons. According to Erkens et al. (2015), sustainability reporting can be the voluntary or mandatory reveal of non-financial performance data to entity's stakeholders. Sustainability reporting, according to (Ndamba, R, 2014) was described as the process of assessing, showing, and answering to stakeholders for the success of an organization as it pursues sustainable development. Sustainability reporting has evolved in the 1980's with first publications of sustainability reports issued by volunteering companies that wanted to reveal their environmental and social responsibilities (Aggrwal, 2013). One of the most talked about development in sustainability reporting is the formation of GRI in 1997. Thereafter, sustainability reporting became to be influenced by drivers such as international frameworks and standards, stakeholder demand, regulatory requirements, industry initiatives, investor interests, and technological innovations.

Studies have looked at the concept of sustainability reporting differently and in various contexts and this would imply it was being studied differently with other factors not put into consideration. Studies on sustainability reporting were carried using various terms such as triple bottom line reporting (Mawanza & Mugumisi, 2014) (Elkington, 1998), social accounting (Ramanathan, 1976) (Dey, 2003), social and environmental accounting or environmental sustainability reporting (Ndlovu & Dzomira, 2021) (Denhere & Mhlanga, 2021), non-financial reporting (Stolowy & Paugam, 2018), and corporate social responsibility reporting (Bouten, et al., 2011).

A broad range of subjects and metrics are covered in sustainability reporting and the researcher sometimes referred them to as ESG in the study, they are determined by the company's actions, impacts, opportunities, and threats. Among the prevalent subjects and indications are:

Environmental: This includes, but is not limited to, energy usage, water use, waste production, biodiversity, and greenhouse gas emissions.

Social: This category covers, among other things, customer satisfaction, diversity and inclusion, labour practices, health and safety, and staff engagement.

Economic: This comprises, among other things, financial performance, the creation and distribution of economic value, taxes paid, investments made, and inventions made.

Governance: Which covers, among other things, stakeholder involvement, risk management, ethics and integrity, and corporate governance structure.

Studies have described sustainability reporting in a variety of ways, but a significant number of them attempted to convey that it is the act of a company revealing non-financial information to the stakeholders while simultaneously working to reach its goals.

Sustainability reporting help an organization improve its performance, manage risks, identify opportunities, engage with stakeholders and enhance its reputation. It is intended to provide a transparent and accountable way of communicating how an organization contributes to sustainable development and responds to the challenges and opportunities it faces.

2.5.1. Sustainability report

It is a document that reveals how an organisation or company performs and impacts on various aspects of sustainability, such as environment, social, economic and governance issues. A sustainability report ought to give a fair and impartial assessment of the reporting organization's sustainability performance, taking into account both its positive and negative contributions (Global Reporting Initiative, 2022). According to KPMG (2008), sustainability reports give the stakeholders an understanding of how the organisation manages sustainability through a report about the organisation's environmental, social and economic performance. Debatably, there are some matters with these reports such as the dependability of the information in that report (Mkude, 2020). Critics mention that it may be confusing to use these reports as a measure of sustainability because it is difficult to differentiate what the entity claims to be doing compared to what the entity is actually doing.

2.5.2. Impact of sustainability reporting on company's performance and the relationship that exist between them.

Arguments about whether sustainability reporting has any impact at all, positive, negative, both positive and negative, neutral, with the performance of firms have arisen since the practice of sustainability reporting gained popularity in recent years. Numerous academics have examined the relationship that exists between reporting on these variables in detail. The findings indicate that there is some uncertainty regarding the nature of this relationship, despite the fact that a sizable body of research has indicated that there is one, a positive one. The ESG elements included in sustainability reporting are what complicate the link between these two and other factors which also impact performance. Because of these factors, it is challenging to determine the impact, necessitating an increasing amount of study.

It turns out that companies that report on their sustainability tend to perform better than those that do not, despite the fact that the strength and direction of this link may vary due to the industry, the nation, the measurement method, and the time horizon. Several studies such as (Buallay, et al., 2019) (Ebdane, 2016) (Felita & Faisal, 2021) have shown a favourable impact between firm performance and sustainability reporting. The regression result (Johari & Komathy, 2019) showed that, when utilizing ROA and EPS, sustainability reporting had a favourable link with company success. According to those studies, sustainability reporting enhanced financial performance and value as well as transparency, reputation, competitiveness, risk management, and innovation.

Some research (Dincer et al., 2023), (Pucker, 2021), and (Baciu, 2023) indicate that these two factors have a negative relationship. (Dincer, et al., 2023) found that a company's value is significantly impacted negatively by sustainability reports. According to Nguyen's (2020) research, there is a significant inverse link between a company's value and its degree of GRI compliance with sustainability reporting. This was due to the fact that sustainability reporting increased costs, created trade-offs and conflicts of interest, and decreased value and financial performance.

Other research in (Buallay, et al., 2019) and (Aifuwa, 2020) indicated that these two factors had either a mixed connection or no link at all. Numerous factors, such as the industry, size, ownership, stakeholder expectations, and report quality, were cited in these research as the causes of this. As a result, the influence of the entity's sustainability reporting on performance could have been complex or non-existent.

2.5.3. Factors that influence sustainability reporting

The content, level, and frequency of sustainability reports from companies, as well as the benefits and drawbacks the firm may encounter, are all caused by the following sustainability reporting-related factors.

Firm size: Larger companies tend to provide more details and disclosures in their sustainability reports because they have more resources, visibility, and stakeholder pressure.

Profitability: Profitable businesses may be more inclined and equipped to report on their sustainability performance since it helps them build their reputation and show their social responsibility.

Financial leverage: High debt levels may put a company under increased scrutiny and require creditors and regulators to request disclosure of sustainability risks and opportunities.

Corporate governance structure: Businesses with stronger audit committees, more diverse and independent boards, and more CEO duality may have better responsibility and oversight for their sustainability reporting.

Ownership structure: Depending on how closely their interests align or don't align with those of other stakeholders, companies with higher levels of state ownership, institutional investment, or concentrated ownership may have different expectations and motivations for their sustainability reporting.

Firm age: Due to their greater experience and ability to learn from past performance, older companies might have more established routines and practices for their sustainability reporting.

Industrial sector: Due to their increased exposure to and materiality in relation to ESG issues, companies operating in environmentally or socially conscious sectors may be subject to increased regulatory pressure to report on their sustainability impacts.

Corporate posture: Businesses with varying strategic orientations and values may also have varying degrees of engagement and commitment to their sustainability reporting due to differences in how important they believe ESG issues are to their operations.

Board qualification and experience: Businesses with more skilled and seasoned board members may have greater awareness and comprehension of ESG issues and their ramifications, which may translate into knowledge and expertise for their sustainability reporting.

2.6. Theoretical framework

The study's grasp of the theories behind the topic under study will be shown in this part. Some of the theories that lend support to this study are as follows:

2.6.1. Legitimacy theory

According to legitimacy theory, businesses that feel they are acting outside of societal norms and expectations or when those norms and expectations change would use social and environmental responsibility reporting to justify their activities (Faisal, et al., 2012). Because it recognizes the presence of a social compact between businesses and society, wherein the businesses agree to engage in a variety of activities that comply to societal standards of behaviour, the legitimacy theory offers a comprehensive perspective on accounting disclosure (Mukherjee, et al., 2010). Reporting on sustainability, according to (Kamal, 2013), can assist in avoiding future legislation that conflict with the goals of the business. Companies may seek to maintain, gain, or increase their legitimacy by using social reporting in conjunction with environmental reporting. Listed companies must also take into account the rights and importance of the society or other stakeholders in addition to shareholders or owners of the company, thereby fulfilling the theory of legitimacy. Listed companies use sustainability reporting to justify their activities to the public as the legitimacy of their activities, and the legitimacy theory provides useful insights of the entity's social and environmental practices.

2.6.2. Stakeholder theory

According to (Buallay, et al., 2019), a company's stakeholders encompass not just shareholders but also consumers, suppliers, banks, governments, the public, and staff. Businesses should be run with consideration for the interests, opinions, and points of view of its stakeholders. This will assist the business achieve its goals because of the positive working relationships it has with these parties. In order to guarantee that its objectives are fulfilled without endangering the capacity of future generations to fulfil their own, a company's governance seeks to optimize sustainability values in addition to profits. To comprehend how companies, interact with the individuals and groups that are interested in or have a stake in their operations, one might apply the theory of stakeholders. According to this theory, companies can raise opportunity costs by identifying and satisfying the requirements and expectations of their constituents, which comprise communities, regulators, suppliers, investors, consumers, and workers. They can also reduce expenses, hazards, and waste to increase effectiveness and efficiency. Lastly, companies may boost their reputation and trust among stakeholders, which can result in higher levels of cooperation, creativity, satisfaction, and loyalty. Organizations have created frameworks to support the theory of stakeholders. One such framework is the GRI, which is based on the principle of stakeholder inclusivity and is a commonly used framework for sustainability reporting (Global Reporting Initiative, 2022) and has gained wide spread credibility because of stakeholders' views (Wang, 2017).

The requirement for excellent governance procedures under Zimbabwe's National Code of Corporate Governance, which takes into consideration the African concept of "Ubuntu," may be used to illustrate the stakeholder theory. This value promotes giving back to the community by both people and businesses (Korera, 2020). Based on this "Ubuntu" principle, businesses are presumed to be socially accountable to their stakeholders. Since major shareholders' interests are served at the expense of other stakeholders' interests in Zimbabwe's listed companies, ownership of these companies is relatively concentrated due to high government and institutional share ownerships (Korera, 2020). Accordingly, this theory suggests that stakeholders should be taken into account by company management when producing sustainability information and, moreover, when achieving the company's objectives.

2.6.3. Disclosure theory

Disclosure theory describes how and why organizations reveal information to various groups of people, including consumers, workers, investors, regulators, and the general public. According to this theory, companies should either voluntarily or legally reveal information in order to lessen information asymmetry, improve transparency, build their reputation, draw in resources, abide by legal requirements, and satisfy stakeholder requests (Buchanan, 2021). The purpose of sustainability reporting is to explain how a company supports sustainable development and generates value over the short, medium, and long terms for its stakeholders (Buchanan, 2021). Additionally, according to (Bartolacci, et al., 2022) sustainability reporting may assist firms in managing the opportunities and risks associated with sustainability challenges.

Stakeholders may better grasp the reasons for, advantages, expenses, and difficulties associated with sustainability reporting by using disclosure theory. Disclosure theory states that an organization's performance, strategy, governance, and responsibility may be positively signalled to the market and society through sustainability reporting. In addition to lowering information asymmetry, sustainability reporting may increase stakeholder trust and involvement. Nevertheless, there may be expenses and hazards associated with sustainability reporting, including data collection, assurance, verification, standardization, comparability, and trustworthiness (Buchanan, 2021). A range of frameworks, standards, and recommendations are available to assist organizations in the presentation of sustainability practices include the IIRC, TCFD, SASB, and GRI. By aligning sustainability reporting with financial reporting, these frameworks seek to improve sustainability reporting's quality, consistency, and comparability (Buchanan, 2021). Due to the Zimbabwe Stock Exchange's mandate that sustainability practices be disclosed, listed firms in Zimbabwe are required to abide by the Listing Requirements guidelines.

2.6.4. Political economy theory

A wide range of instruments and techniques, mostly from the fields of economics, political science, and sociology, are used to examine the links between people and their communities as well as between the market and the state. The resulting study is known as political economic theory (Aakanksha, 2022). A basic idea in political economy theory is that various actor groups have various incentives and interests that affect how they behave and make decisions. The historical and institutional backdrop of the development in Zimbabwe provides a description of the political economy theory in connection to sustainability reporting. Zimbabwe's institutional and historical background has been shaped by social unrest, political instability, economic distress, colonialism, and the liberation fight. These elements have influenced Zimbabwe's legislative frameworks, political systems, corporate and institutional governance structures, and cultural norms, which have impacts on the quantity and amount of sustainability reporting by institutions (Chitiyo, et al., 2019). The power ties and tensions between many parties, including the commercial sector, civil society, funders, and international organizations, are explained by political economy theory. Political economy theory allows us to understand the history of sustainability reporting in Zimbabwe via the structuring and influencing power of language and ideology (Mawere, 2013). The government of Zimbabwe has implemented the NDS 1 in response to the UN SDGs (sdgs.un.org, 2023), which call for achieving a sustainable development by 2030. Different players may have different opinions about what constitutes sustainable development, how it should be measured and reported, and who should be involved and responsible for it. These opinions and principles could be representative of prevailing or alternative paradigms, such decolonization, socialism, or neoliberalism.

According to political economy theory, economic systems serve the interests of the powerful in a society rather than being neutral. Research has suggested that by granting individuals greater influence over their financial life, a move toward more democratic and participatory economic systems might aid in the promotion of sustainability (Liodakis, 2010). By analysing how political power is dispersed and how this influences economic decision-making, the theory can assist stakeholders in understanding how economic systems might be created to support sustainability. Various stakeholders, including the governmental and private sectors, educational institutions, media outlets, civil society groups, and international partners, need to communicate, cooperate, and coordinate more. By addressing these problems, Zimbabwe can enhance its theory of political economy concerning sustainability reporting.

2.7. Empirical evidence

Dincer, et al, (2023), Nexus between sustainability reporting and firm performance: considering industry groups, accounting and market measures.

Using data from Istanbul Stock Exchange for forty-six companies with varying environmental impact levels between 2016-2020, this study looked at the link which existed between reporting on sustainability and entity's performance in a developing nation background. The research measured firm performance using TQ and ROA, while also accounting for factors like size, growth, current ratio, leverage, risk, and the degree of environmental impact of the companies. The study discovered that, in line with the ROA model, which measures the company's short-term profitability, sustainability reporting significantly improves financial results. According to the study, high impact companies gain more from sustainability reporting than low or medium impact companies, and the relationship between reporting on sustainability and an entity’s performance is moderated by the environmental impact level of the companies. By offering empirical evidence on these two variables in a developing nation’s context and taking into account industry-specific variations in the environmental impact of businesses, the study added to the body of literature.

Almashhadani & Almashhadani, (2023). The Impact of Sustainability Reporting on Promoting Firm performance

A numerical analysis of secondary data from financial sector firms traded on the Bahrain Stock Exchange (BSE) in 2021 was part of the research project. Its main goal was to find out if there is any link on sustainability reporting and corporate performance, which was determined by utilizing ROE and ROA as performance indicators. Partial squares (PSL) software was utilised in the study to examine the data and evaluate the hypothesis. The results reflected that entities with higher levels of disclosure regarding their ESG practices are typically more profitable, as demonstrated by the remarkable improvements in ROA and ROE.

Bundo, (2021). The Impact of Environment Social and Governance (ESG) practices on Corporate Performance in Africa. A study of selected Zimbabwean Listed firms

A small number of carefully chosen companies trading on the ZSE were used in the study to reveal the effects of ESG practices on corporate performance in the Zimbabwean context. The study employed primary data obtained from 500 respondents via online questionnaires, of which 255 were deemed valid. The data was analysed using IBM's SPSS and subsequently portrayed using of statistical tables, pie charts, and graphs. ESG practices were employed as an independent variable and ROE depicting corporate performance in the study. ESG practices significantly improve corporate performance in Zimbabwe, according to the study's findings. A few challenges and barriers to the adoption of ESG practices in Zimbabwe were also identified by the study, including ignorance, shortage of resources, less regulation, and lack of incentives. To address these issues in Zimbabwe, the study recommended developing regulatory frameworks, conducting awareness campaigns, offering financial and technical support, and providing incentives and rewards.

Thayaraj & Karunarathne, (2021). The impact of sustainability reporting on firms' financial performance.

This study looked at how sustainability reporting affected the performance of businesses, specifically focusing on Sri Lankan listed companies. Of the 138 listed firms, 102 had sustainability reports that were taken into consideration for the research. The GRI G4 requirements for sustainability reporting were adhered to by all of these firms. According to the study, compared to international listed businesses, there were less disclosures about sustainability performance (economic, environmental, and social) than anticipated. Additionally, practically little sustainability performance was disclosed voluntarily. Data from annual reports was analysed by the researchers. Descriptive analysis, and inferential statistics were utilised to evaluate the connection between financial success and sustainability reporting. Regarding financial performance, there was a somewhat favourable correlation with sustainability reporting (which includes social, environmental, and economic disclosures) and ROA. Businesses who prioritized their financial performance or sustainability performance might have a moderately favourable influence all year round. The study emphasizes the value of sustainability reporting and how it may affect businesses' bottom lines.

Mutalib, Iriabije, Okon, & Chijioke, (2020). Impact of Sustainability Reporting on Corporate Performance: Evidence from in Nigeria Stock Exchange (NSE).

To find out how reporting sustainability affected the performance of entities trading on the NSE, a study was carried out in Nigeria. Finding out how reporting on sustainability affected the ROE, ROA, EPS, and NPM of companies which were trading publicly on that particular stock market was the primary goal of the research. A sample was drawn from the 64 listed firms' annual reports and accounts, and the variables were calculated using that data. The study came to the conclusion that companies listed in Nigeria perform better when they report on sustainability. Depending on the kind of ESG disclosure, there are different relationships between ESG and performance.

Aifuwa, (2020). Sustainability reporting and firm performance in developing climes: A review of literature.

The study reviewed the relevant literature, offered suggestions, and examined how sustainability reporting affected business success in countries using a methodical content analysis. The analysis discovered that although the majority of studies indicate a favourable correlation, there are differing findings about how reporting sustainability affects business success. The results were that the degree of sustainability reporting is lower in less fortunate nations than in developed ones, and it also found significant methodological problems in earlier studies, including the sector analysed and the sample size used. It reached the conclusion that in order to promote more openness in social and environmental activities, disclosures of sustainability reporting should be made mandatory. It also recommended that further research be done on sustainability reporting in nations that are developing.

Buallay, Hamdan, & Barone, (2019). Sustainability reporting and firm's performance: Comparative study between manufacturing and banking sectors

In this study, the disclosure levels of ESG and their effects on market, operational, and financial performance were analysed and contrasted between manufacturing and banking companies. The study used ROA, ROE and TQ and use a multivariate model. Data from manufacturing firms and banks listed in eight nations were analysed for this study between 2008 and 2017. The study found that ESG has a positively impacted manufacturing sectors' performance, and that manufacturing firms with higher levels of ESG disclosure also have higher ROA, ROE, and TQ. Nonetheless, the study concluded that ESG has negatively impacted the banking industries' performance, suggesting that banking institutions with higher ESG disclosure levels will have lower ROA, ROE, and TQ. According to the study, there are various of ESG disclosure that have various effects on performance. For instance, environmental disclosure positively affects ROA and TQ in both sectors, whereas social disclosure negatively affects all performance indicators. The impacts of governance disclosure vary based on the performance indicator and industry.

Abughniem, Al Aishat, & Hamdan, (2019). Corporate Sustainability as an Antecedent to the Financial Performance: An Empirical Study.

The study was quantitative in nature and employed secondary data from companies that were listed between 2014 and 2017 on the Amman Stock Exchange (ASE). The study focused on identifying whether sustainability and firm performance are related in Jordan by using Tobin Q and ROA as substitutes for company performance metrics. The study used panel random-effect regression to analyse the data and test its hypothesis in order to accomplish its goal. The investigation's findings demonstrated that sustainability reporting significantly raises ROA and Tobin's Q. This result suggests that companies with greater profitability and market value tend to reveal further information about their ESG practices. Additionally, this study offered managers, investors, and stakeholders' practical implications by indicating that corporate sustainability can boost company performance and reputation, illustrating in more capital investment opportunities and fostering consumer loyalty and trust in companies that support ESG practices.

Clarissa & Rasmini, (2018). The Effect of Sustainability Report on Financial Performance with Good Corporate Governance Quality as a Moderating Variable.

One way that companies can enhance their performance is by achieving their objectives through sustainability reporting, which includes releasing a sustainability report. This study shows that to create a report regarding sustainability that is both useful and efficient, proper corporate governance is necessary. The study looked at the effects that are brought by producing a sustainability report on a entities financial performance by looking at the relevant components of the report, in addition to analysing the moderate effects of good CG quality on corporates that use the CGPI to produce sustainability reports. The study came to the conclusion that, whereas social and environmental performance disclosure had positively influenced firm's financial performance, economic performance disclosure had a negative significant impact. Good CG mitigates the effects of economic and environmental performance disclosures on a firm's financial performance, but it has no impact on the performance of the same business from social performance disclosures.

Sibanda, (2018). The impact of sustainability reporting on the performance of listed companies in Zimbabwe.

The effect of sustainability reporting on performance of companies in Zimbabwe was investigated in this study using a cross-sectional approach. Four companies listed on the ZSE had released their sustainability reports by the time the study was conducted, spanning the years 2008 to 2017. The dependent variables in this study were sales growth, net profit, and ROE, which are indicators of a company's performance. The independent variables were sustainability reporting. After analysing primary and secondary data, the study found that sustainability reporting by listed companies in Zimbabwe significantly improves performance. Reporting sustainability was also influenced by the firm's size. The study's findings suggested further investigation into sustainability reporting in Zimbabwe and that the concept of sustainability be made mandatory to developing countries such as Zimbabwe.

Caesaria & Basuki, (2017). The study of sustainability report disclosure aspects and their impact on the companies' performance.

The study examined how a firm's performance in the market is impacted by sustainability reporting disclosure and was carried out on the IDX. The ESG aspects of sustainability disclosure had a favourable and significant effect on the companies' market performance, as demonstrated by the TQ results. The study measured the level of reporting on sustainability using a disclosure index that took into account all the dimensions of sustainability that is ESG performance, as provided by the GRI Sustainability Reporting Guidelines. This index score was then determined. The study concluded that a positive correlation among ESG practices and market performance for businesses.

2.8. Gap analysis

Few studies have looked at the impact that reporting on sustainability has on the performance of publicly trading entities in Zimbabwe. In an effort to add to the little amount of information previously available on sustainability reporting, the researcher had to focus on the impact of reporting sustainability on the performance of publicly trading entities in Zimbabwe. Numerous researches have looked at how sustainability reporting elements affect company performance, mostly in the manufacturing industries. But the concept of sustainability reporting as a whole and its impact on ZSE listed firms' performance in all industries are examined in detail in this study. Therefore, it was fundamental that the researcher do a detailed analysis of sustainability reporting and how it affects listed companies in developing nations.

2.9. Summary

This chapter emphasized the literature concerning the concept sustainability reporting. It also covered the introduction, empirical evidence, theoretical review and on top of that the justification of the study. The chapter also looked at the different theories which relate to the research and reviewed the research which the study fulfilled

CHAPTER III

RESEARCH METHODOLOGY

3.0. Introduction

Research methodology is defined by (Jankowicz, 2005) as an examination and defence of the methods employed in a specific study as well as other comparable studies carried out in the past. In a move to improve the validity and dependability of the information collected, this chapter will describe the procedures and strategies employed in the research. The specific methods used for collecting necessary information, processing, and how the analysis is to be done are discussed in this chapter in order to address the research topics under consideration. Further details on each of these subjects, as well as research design, study population, samples and sampling techniques, data collection, analysis, and presentation, are provided in the subsections.

3.1. Research design

According to de Vaus (2001), a research design is the overarching plan you decide on to combine the many study components in a clear and logical manner, guaranteeing that the research topic is effectively addressed. According to Zikmund et al. (2013), a research design is a comprehensive strategy that outlines the techniques and protocols for gathering and analysing the necessary data. It guides the researcher to guarantee that a meticulous strategy for data collection and analysis is adhered to. There are essentially (4) main types of study designs, explanatory, casual, descriptive, and predictive. The research employed a mixed technique approach utilizing descriptive research through a questionnaire and document search as instruments for collecting data. This study thoroughly investigated the subject issue and produced insightful findings in a mixed method approach.

3.1.1. Descriptive research

A systematic and accurate description of a phenomena or population's features is the goal of descriptive research (Luo, 2019). With the exception of the why portion, descriptive research mostly concentrates on fact-finding inquiries of various types for research projects (Kothari, 2004). It provides answers to the queries about what, where, when, and how. According to Polit & Hungler, (1999) descriptive research is used to accurately characterize events, people, and situations by observing, describing, and documenting features of a scenario as it naturally happens. Descriptive research is a great technique since it gave the researcher little control over factors. Descriptive research made possible the use of questionnaires, and document search as the main techniques for gathering data for this study. Since it made it easier to gather both quantitative and qualitative data, this kind of research was essential to the study.

3.1.2. Mixed method research

A mixed method research design is a process that involves gathering, analysing, and combining both quantitative and qualitative research methodologies in a single study (Saunders, et al., 2009).

3.1.3. Qualitative research

Qualitative research is defined as aiming to achieve goals using techniques that allow the investigator to provide in-depth explanations of a phenomenon without depending on quantitative measurement (Zikmund, et al., 2013). Because it is based on research done in a natural setting and involves the process of generating a full and holistic image of the subject of interest, this technique helps grasp a social or human problem from various viewpoints. The benefits of using a qualitative research approach were its ability to produce precise and rich data that represented the impact of company's actions towards sustainability reporting. In addition to assessing the company's decisions, it also examined the meanings and reasons behind them. This provided a comprehensive understanding of the phenomenon being studied, as well as fresh ideas and insights that might guide future studies. On the other hand, to gather the desired information from the sustainability and annual reports only to reach the goals of the study, the study was conducted with a have high degree of experience.

3.1.4. Quantitative research

(Zikmund, et al., 2013) describe quantitative research as the one that use numerical measurement and analytical methodologies to achieve research objectives through empirical evaluations. It was employed to put numbers on paper and generalize findings from a sample to the target population. The ability to handle enormous amounts of data and provide precise, objective results that other researchers can confirm and repeat was one benefit of the quantitative research technique. It had been important since it helped establish a relationship between two variables and demonstrate cause and impact in scenarios with tight constraints. However, the quantitative technique's conclusions were restricted since it only offered numerical descriptions rather than detailed narratives or explanations.

3.1.5. Justification of mixed method

The researcher eliminated the drawbacks of utilizing each strategy separately while gaining comprehensive grasp and confirmation by employing this method. The advantages of both quantitative and qualitative research methodologies complement one another. It is not possible to compare the outcomes of one way with those of another, instead, combining data from many approaches guarantees that the results from one strategy may be compared to the results from another. This improved the reliability and validity of the data, created a comprehensive understanding of sustainability reporting, and contextualized the results by offering more detailed information and explanations. Using this strategy enabled triangulation, which is the act of combining many research methodologies to investigate a single event (Saunders, et al., 2009). Since two or more sources complement each other, triangulation lessened the drawbacks of single source research.

3.2. Target population

All participants who satisfy the requirements for a study are considered to be part of the target population (Willie, 2022). Due to a variety of factors, including time, money, and practicality, it is typically not feasible to look into every member of a certain group. Stated differently, a population is a set of entities from which the author hopes to convene data. All firms listed on the ZSE between 2019 and 2022 were included in the study's target population, with the exception of companies that withdrew from the ZSE or were suspended. The research also included companies that joined the ZSE within the time frame examined.

The following stakeholder groups made up the population of survey study participants, investors, shareholders, creditors, stockbrokers, regulators, bankers, financial managers financial analysts, auditors of listed firms, accounting professors and lecturers, and environmental and customers. Nonetheless, it ought to comprise people who are able to comprehend, analyse, and make use of business reports. In 2021, 89.7% of Zimbabweans aged 15 and older were found to be able to read and write, according to (Microtrends, 2024). This indicates that around 13,563,537 of the projected 15,121,000 persons in 2022 were literate, making them a suitable population for the survey questionnaires.

3.3. Size of the sample

A research sample refers to a subset of the whole population under study that possesses the attributes of the complete population, allowing the researcher to apply the phenomena he finds with great certainty. The degree to which a sample accurately represents the entire population determines the significance of the data gathered via study. The sample's results cannot be reliable if they do not accurately reflect every aspect of the population. A sample of 9 (nine) listed companies from 9 different economic sectors indices for this investigation from 2019 up to 2022 was utilised. A population of 100 stakeholders was also selected.

3.3.1. Sampling procedure

There are two types of sampling techniques: non-probability sampling and probability sampling. Probability sampling differs from non-probability sampling in that it gives every member of the population an equal chance of selection, whereas non-probability sampling does not guarantee this. The researcher used stratified-random sampling and purposive or judgmental sampling.

Stratified random sampling

The purpose of using this sampling approach was to obtain a truly representative sample. After the population is split into smaller groupings known as strata, people are selected at random from each stratum using stratified random sampling. Shared features are the foundation upon which the strata are built. There can be only one stratum allocated to each possible sample unit, and no units can be omitted. The objective of this technique was to guarantee that the sample is representative of the population and that all strata are represented.

The researcher was able to identify the economic sectors indices that each listed firm is a part of, demonstrating the effectiveness of this approach. Financial index, consumer discretionary index, consumer staples, industrials, ICT, materials, real estates, modified consumer staples, and agriculture were among the economic sectors indices that made up the stratum. After categorizing listed entities, researchers used purposive or judgmental selection techniques to find a company that accurately represented the information required.

The size of the sample for the questionnaire survey was obtained using this approach from various stakeholder groups. The Taro Yamane method was utilised to obtain the sample;

n=N/ (1+N (e) 2)

Where:

n=sample size,

N= population size (13 563 537),

margin of error (0.1)

therefore: n= 13 563 537/ (1+13 563 537(0.1)2)

n= 100

Purposive or judgemental sampling

The researcher chose the sample participants using this non-probability sampling. The participants were chosen by the researcher based on their suitability for the study's goals and ability to supply pertinent data. In order to guarantee that certain company types were included in the sample while still retaining the degree of randomness and representativeness, this approach was combined with stratified random sampling. Certain units of analysis had greater expertise and hold the necessary data on the topic under investigation at the time the researcher employed this approach. This technique was implemented in selecting the companies from each sector index that produced audited reports such as sustainability reports, or annual reports within the period 2019-2022, to make the sample for the study.

3.4. Research instruments

According to Saunders et al. (2006), these are the tools or techniques that are utilised to collect and analyse data for a research project. Saunders et al. (2006) goes on to suggest that the choice of research instruments depends on the research objectives, questions, and strategy, as well as the availability of resources, time, and skills, and they also recommended that the research instruments need to be reliable, valid, and ethical.

In order to collect both qualitative and quantitative data from primary and secondary data sources for this study, two approaches were used and these were questionnaires and document search. All study objectives cannot be simultaneously addressed by a single strategy (Cooper & Schindler, 2014).The researcher therefore was able to provide a deeper and more complete picture of the sustainability practices by utilizing both approaches.

3.4.1. Questionnaires

Questionnaires were utilised in this research to collect the primary data that was required. In order to guarantee that all respondents had a common grasp of the questions and the capacity to accurately answer them, the researchers provided clarification on the areas that required more explanation. The purpose of the questionnaire was implemented to find out how stakeholders felt about sustainability reporting of listed companies in Zimbabwe. It therefore supplemented the results shown by the annual or sustainability reports.

The most widely utilized technique in past studies to find out stakeholders' perceptions about sustainability disclosure methods was the questionnaire. According to Collins & Hussey, (2009) questionnaires are the most effective ways to get information on stakeholders' viewpoints. Compared to other instruments, the use of questionnaires allowed responses to be obtained in a consistent format, assuring greater impartiality and ease of use throughout the analytic stage.

3.4.2. Document search

Using document search, data on the extent of sustainability reporting of the selected firms was gathered. Document search is the process of finding and acquiring texts and documents that satisfy particular requirements or questions. The sustainability reporting score for data analysis was created by carefully analysing each report to find any kind of sustainability reporting in accordance with the disclosure items specified by GRI standard. The sources the researcher used included pertinent information regarding the sustainability practices of the tested companies from their websites, ZSE websites and other websites. This approach was seen to be appropriate for gathering data in its original form, which lessens respondents' personal bias and did not alter the records during the data collecting process. Because documents or texts provided a basis for previous situations and allowed for comparisons, they were a rich source of data. That was why the researcher chose to employ this technique of inquiry. It is unfortunate to see, nevertheless, that some researchers frequently overlook this line of study, citing it only as a complement to more comprehensive research techniques. This approach was chosen since it facilitated data triangulation while also advancing the study's objectives.

3.5. Data collection procedures

In this inquiry, two different categories of data sources were used: primary and secondary. The researcher integrated primary and secondary data sources to fill in the blanks and address the limitations of each kind of data source, cross-check and validate the data from many sources and approaches, and boost the legitimacy and generalizability of the study findings.

3.5.1. Primary data

Primary data is the data that is gathered directly from the source by a researcher for a particular project or goal (Hassan, 2023). It is fresh data that has not been examined or published before and as such the data is more accurate and reliable because has not been influenced by outside factors or interpretations. Primary data may be presented in a variety of ways, including text, and numbers. Primary data for this study was obtained by administering questionnaires directly to respondents. Because primary data was collected specifically for the study, it became more relevant and specific to the research questions. Primary data sources, however, were costly and required much time to gather because they needed more resources and knowledge, and they were challenging to obtain because they were based on the availability and willingness of participants.

3.5.2. Secondary data

Data that was gathered by another party for a reason other than the present research challenge is referred to as secondary data (Hassan, 2023). It can originate from a number of places, including official, private, scholarly, and internet sources. Secondary data was gathered by collecting sustainability reports and/or annual reports of sampled companies through document search and previously published works on sustainability reporting in selected textbooks and online publications. The use of secondary data sources had the following benefits; secondary data was more comprehensive and diverse because it covered a wider range of topics and perspectives, secondary data was more validated and verified, and was time and cost-effective to collect because it was already available and accessible. Secondary data sources, however, was more restricted and limited, as it occasionally did not provide enough detail or information for the research question, and some of the data was less specific and relevant to the research question, as it was collected for a different purpose or context.

3.6. Data presentation and analysis

Data analysis was carried out using statistical approaches to analyse individual features of variables, examine the state of variables, and determine the link and influence of variables that were indicated as research objectives. The data obtained for this study was analysed using descriptives, t-tests, regression, and correlation. It was congruent with the analysis of (Thayaraj & Karunarathne, 2021). Furthermore, the data was analysed using the SPSS 20. Data has been presented using tables and figures. Content analysis was used to aid in the analysis.

3.6.1. Content analysis

Examining texts and documents generated by an organization, such annual reports or sustainability reports, as well as published about it, like pieces in the business press, have been the primary applications of content analysis. Because they are unaware of how to apply it effectively, most researchers did not favour this strategy. According to Dariau, Reger, and Pfarer (2007), one reason why content analysis has been more popular in organizational research during the 1990s is that it is a reasonably inexpensive technique that can be used for student research projects. The development of computer programs that make textual data analysis easier and the availability of more searchable electronic databases have also made it possible to eliminate some of the method's tedious aspects, improved speed and reliability, reduced costs, and possibly increased the method's popularity.

The main sustainability issues and indicators, such as economic, social, governance and environmental indicators, which were included in these extracted documents created codes, which were then used by this method for analysis. Studies on sustainability reporting frequently use content analysis (Bhatia & Tuli, 2014). Its unobtrusiveness, ability to accept unstructured data, and ability to systematically classify and compare sustainability reporting have all proved beneficial in identifying trends. The codes were created with the aid of the GRI index.

3.6.2. GRI Index

A GRI index is a tabular representation of the GRI Disclosures and Standards that a company disclosed its sustainability data in accordance with. The GRI index was used to assess the completeness and comparability of the disclosures made in-line with GRI Standards, as well as to locate and retrieve disclosed information in an easy and transparent manner, which was in line with the dissertation’s goals. The GRI index provided a list of the disclosures and information that the organisation has reported, and where to find them in a report or other sources. This index, which consisted of performance indicators, was employed in this study. If a disclosure index was compiled in the annual report or sustainability report and well explained, it received a score of one; if not disclosed or was disclosed without explanations, it received a score of zero.

Table 3.2: The GRI index items

Performance indicator	GRI STANDARD
Governance	2-9: board composition 2-13: board committees 2-17: collective knowledge of the highest governance body 2-1: profile disclosure 2-27: compliance with laws and regulations
Economic	201: Economic performance 203: indirect economic impacts 201-3: defined contribution schemes 204: procurement 207: tax
Environmental	301: materials 302: energy consumption 303: water consumption 305: emissions 306: waste
Social	401: employment 403: occupational health and safety

	404: training and education 405: diversity and equality 413: local communities

Source: global reporting.org, (2024)

3.7. Measurement of variables

3.7.1. Sustainability Reporting score

The GRI criteria, which comprise 20 indicators, have been used to establish the sustainability reporting score of firms. These indicators are divided into four categories: social, environmental, economic, and governance. For instance, revealing revenue and expenses based on historical cost data, hiring and firing practices, board committees and their duties, etc. Using similar indicators, sustainability reporting score for each of the years 2019–2022 has been calculated. The sustainability reporting score is represented by the symbol SUST.

3.7.2. Company performance

Using a range of financial performance criteria, empirical research has established a link between company financial success and sustainability reporting. ROA was the performance metric employed in this study. ROA is a metric used to assess profitability. The profitability dimension's most significant ratio is ROA, which gauges how successfully a business is running its operations. This study utilized it alone, while many others, including Ebdane (2016) and Thayaraj & Karunarathne (2021), used it in conjunction with other performance metrics. Net earnings after taxes are divided by total assets to get ROA.

3.7.3. Control Variable

Firm size was designated as the study's control variable. The company's total assets (TA) are used to display its size. Company size was included as a control variable in several studies on sustainability reporting and business performance.

3.8. Reliability and validity

The correctness, consistency, and dependability of the research tool are referred to as reliability. According to Saunders et al. (2009), an instrument's validity is its capacity to measure the things it is intended to measure. The researcher used data triangulation to ensure the accuracy of the findings, which is the use of various data sources. Triangulation was also important in enhancing reliability. A mixed method type strengthens the validity and reliability of the findings by addressing the research issues from several viewpoints through the combination of qualitative and quantitative approaches (Kyngas, et al., 2020), and as such the study utilised multiple techniques of data collection. According to Creswell & Miller, (2000) using many sources of data rather than a one source enhances validity.

3.9. Research ethics

According to (Saunders, et al., 2009), research ethics pertains to the suitability of a researcher's actions with the rights of stakeholders who are either the topic of the researcher's study or have an impact on it. To be clear, ethics involves respecting the rights, interests, and values of research participants while also ensuring the validity, reliability, and integrity of the dissertation. The researcher endeavoured to protect the privacy of the participants, gave participants the freedom to make their own judgment, attempted to give other writers adequate credit to prevent plagiarism, and conducted the study with the institution's approval.

3.10. Summary

The chapter showed the methodology for this study, how the sample was selected from the population and the design which was implemented. The chapter showed also data collection, measurement, analysis techniques which was used to achieve the study’s goal. How valid and reliable the methodology was to the study was also shown.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0. Introduction

After doing the study using the research design and data collecting instruments specified in the previous chapter, this chapter aims to present the study's outcome, evaluate the data obtained, and discussions of the outcomes to reveal their implications for the research questions. The study used tables, diagrams, and thorough explanations to provide the data in a comprehensible format. While accuracy may have been lost in certain circumstances, these graphical presentations were more visually clear and colourful, allowing for better analysis and interpretations in the future. The findings presentations looked on the gathered information that was relevant to the research objectives, avoiding tiresome effort and allowing for a clear conclusion on the study issue. Data that could not be easily quantified was given as a qualitative overview as per the methodology applied. The chapter concludes with a summary of the chapter's contents.

4.1. Questionnaire response rate

The purpose of this study's questionnaire was to ascertain stakeholders' opinions about the importance of listed firms implementing sustainability reporting standards. Stakeholders are the ones receive these reports and make use of the information in them. Out of 100 targeted stakeholders, the researcher received 80 replies and successfully completed, reflecting an 80% response rate, which was acceptable by any measure and usable for data analysis. The makeup of the responders is seen below.

Table 4.3: overall response rate

	Issued questionnaires	Returned	Response rate
Respondents	100	80	80%
Total	100	80	80%

Source: primary data (2024)

Table 4.3 indicates that the questionnaire response rate of 80% was considered to be pretty excellent. It showed relying on to yield precise and trustworthy results. Before being given to participants, the research questionnaire was first reviewed to ensure that all of the items were clear. This ensured that the majority of responders could understand every question. A few queries were reworded to prevent confusion. The instrument's online delivery, which let respondents complete it at their convenience from home, was another factor contributing to the high response rate. The results align with those of similar studies carried out by Bundo (2021), whose response rate was 78%.

4.1.1. General information of respondents

Education qualification

Table 4.4: Highest qualification attained

Level of education	Frequency	Percent
O level	15	18.8
A level	15	18.8
Diploma	10	12.5
Degree	20	25.0
Masters	11	13.8
PhD	9	11.3
Total	**80**	**100.0**

Source: primary data (2024)

The table above shows the respondent's education level. Respondents with an A level made up to 18.8%, those with a degree were 25%, and diploma holders totalled around 12.5%. There were 13.8% of participants with a master's degree, 11.3% had a PhD, and 18.8% attained ordinary level certificates. The greatest number of participants had a degree, this was the also the case of a study by (Bundo, 2021), where most respondents had reached degree level. This indicates that the vast majority of participants were capable of reading and utilizing business data.

Experience of respondents

Table 4.5: Work Experience

	Frequency	Percent	Valid Percent
1-5 years	19	23.8	23.8
5-10 years	39	48.8	48.8
above 10 years	22	27.5	27.5
Total	80	100.0	100.0

Source: primary data (2024)

Table above illustrates the respondents' business experience. In terms of experience, 23.8% of respondents had 1-5 years of experience, 48.8% had 5-10 years of experience, and 27.5% having more than 10 years of experience. This demonstrated that the majority of stakeholders in this country are aware of business performance. A similar study conducted by (Mkude, 2020), looked also at the business experience of respondents to find the percentage of them who were aware of corporate business organizations in the Tanzania and this study's results are by far much satisfactory.

4.2. Impact of sustainability reporting score on ROA

4.2.1. Model summary

Table 4.6: Model summary (ROA dependent)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993[a]	.986	.961	.02514
a. Predictors: (Constant), TOTAL ASSETS, SUSTAIN2022, SUSTAIN2021, SUSTAIN2019, SUSTAIN2020				

Source: primary data (2024)

A bivariate coefficient of correlation of 0.993 is shown in the table above, indicating a significant strong positive association between the sustainability reporting score and ROA. The coefficient (R Square) determination is 0.986, indicating that for the sample, the independent variable (sustainability reporting score) can explain 99% of the variance in the dependent variable (ROA). Adjusted R square 96% is an R Square modification that penalizes the addition of irrelevant variables to the model. The adjusted R2 is less than the R2 statistic because it reduces the R2 statistics when new variables with low significance are added to a model. On a similar study conducted by (Almashhadani & Almashhadani, 2023), the R Square was 0.313 for ROA and the adjusted R square was 0.275, which indicates that this study's model is significantly better at explaining the variance in ROA compared to this other study and suggests that the independent variables have a stronger relationship with ROA.

4.2.2. Analysis of variance

Table 4.7: ANOVA table

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.129	5	.026	40.931	.006[b]
	Residual	.002	3	.001		
	Total	.131	8			
a. Dependent Variable: ROA						
b. Predictors: (Constant), TOTAL ASSETS, SUSTAIN2022, SUSTAIN2021, SUSTAIN2019, SUSTAIN2020						

Source: primary data (2024)

The regression sum of squares, as shown in the table, represents the variance explained by the regression. The F-test value of 40.931 with a significance level of 0.006 indicates that the model significantly explains the variance in the return on assets (ROA). This means that the variables that the researcher has included in the model collectively provided a strong and reliable explanation for ROA, demonstrating that the model was effective and robust. Comparing with the study results of (Dincer, et al., 2023), the F-test results of that study was 46.853 indicating that this study's results was actually in line with others, where the variables chosen provided strong and explanations.

4.2.3. Multiple regression

To assess the impact of the trend in sustainability reporting score on ROA, a measure of firm performance, regression analysis was employed. While the performance variable, ROA, was only collected for the year 2022, sustainability reporting scores from all years were included for both short- and long-term assessments. The regression results are shown in the table below, with a sustainability reporting score over a four-year period serving as the independent variable and a performance indicator (ROA) as the dependent variable. The control variable of choice was total assets, which represented the size of the company.

Table 4.8: Impact of sustainability reporting practices on performance variables (Regression Results with ROA)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.195	.109		-10.952	.002
	SUSTAIN2019	.064	.010	-2.044	-6.624	.007
	SUSTAIN2020	.131	.080	3.654	1.643	.000
	SUSTAIN2021	.046	.090	-.963	-.511	.000
	SUSTAIN2022	-.051	.013	.728	3.870	.002
	Total Assets	1.790	.000	.417	.596	.033
a. Dependent Variable: ROA						

Source: primary data (2024)

The table above displays the results for ROA, a dependent variable. The coefficient for SUSTAIN2019 was positive (0.064) but with a negative standardized coefficient. Despite the positive B value, the standardized Beta indicates that earlier sustainability efforts initially might have been seen unfavourably. The positive coefficient (0.131) and significant p-value indicate that sustainability reporting in 2020 has a substantial positive impact on ROA. This suggests that the benefits of sustainability practices began to materialize after some time, leading to improved financial performance. Although the coefficient is positive (0.046), the negative standardized Beta and significant p-value imply mixed effects for the sustainability reporting score in 2021. This can be interpreted as transitional phases where sustainability initiatives are starting to show their long-term benefits, despite short-term fluctuations. The coefficient for sustainability reporting in 2022 was negative (-0.051) and statistically significant ($p = 0.002$). This suggests that, in the short run, sustainability reporting was associated with a decrease in ROA. This could be due to the immediate costs and efforts required to implement sustainability practices, which may not yet translate into immediate financial gains. The positive and significant impact of total assets further supports the idea that as companies grow and possibly become more sustainable, their ROA improves, indicating that sustainability practices may contribute positively over time. This was in line with the results of (Abughniem, et al., 2019), found that firm size has a positive impact in ROA.

It can be revealed that sustainability reporting scores had a negative influence on performance in the short term but had a positive effect in the long run. The sustainability reporting scores for 2019, 2020, and 2021 had a positive effect on ROA, as earlier sustainability efforts start yielding financial benefits. The mixed results in 2021 suggest a transition period where the long-term advantages of sustainability are beginning to outweigh the initial costs. On the other hand, the score for 2022 had a negative impact, indicating immediate costs and efforts required for sustainability reporting might outweigh the benefits initially. This appears to be consistent with the findings of (Dincer, et al., 2023) who similarly found that sustainability reporting scores have a negative short-term impact on company performance but a positive long-term one. It is interesting to see that in the studies by (Dincer, et al., 2023),and (Buallay, et al., 2019) the size of the firm was negative impact on short term performance (ROA) which contradict with this study results.

4.2.4. Stakeholders' perspective

The question sought to determine if stakeholders believe that the reporting of sustainability information had an influence on a company's performance. The survey findings were as follows:

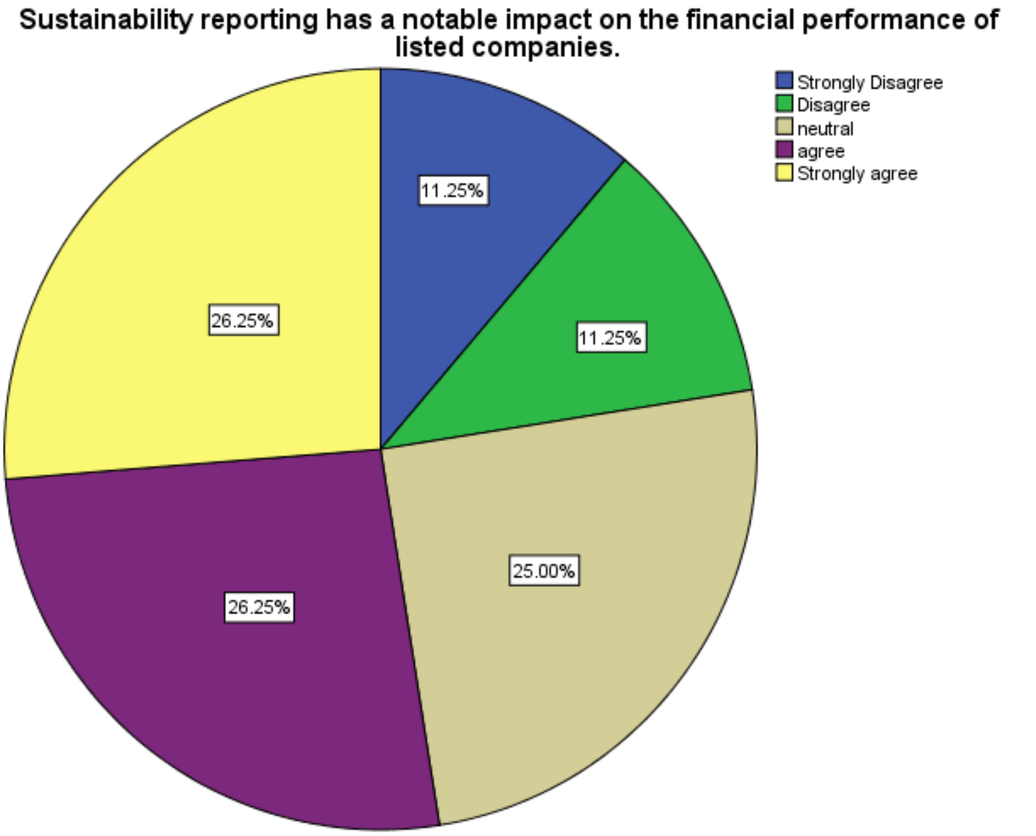

Figure 4.2**:** Impact of sustainability reporting on firm performance

Source: primary data (2024)

The figure above reveals that 26.25% strongly agreed, 26.25% agreed, and 25% were undecided. However, 11.25 % disagreed or strongly disagreed. This suggests that the majority of respondents agreed that sustainability reporting impacted the performance of listed firms. Sustainability reporting, by addressing the concerns and expectations of stakeholders, can boost investor confidence and decision making facilitated by greater transparency thereby enhancing long-term financial performance which will in turn support this study's stakeholder and disclosure theory.

4.2.5. Company performance changes as a result of sustainability reporting.

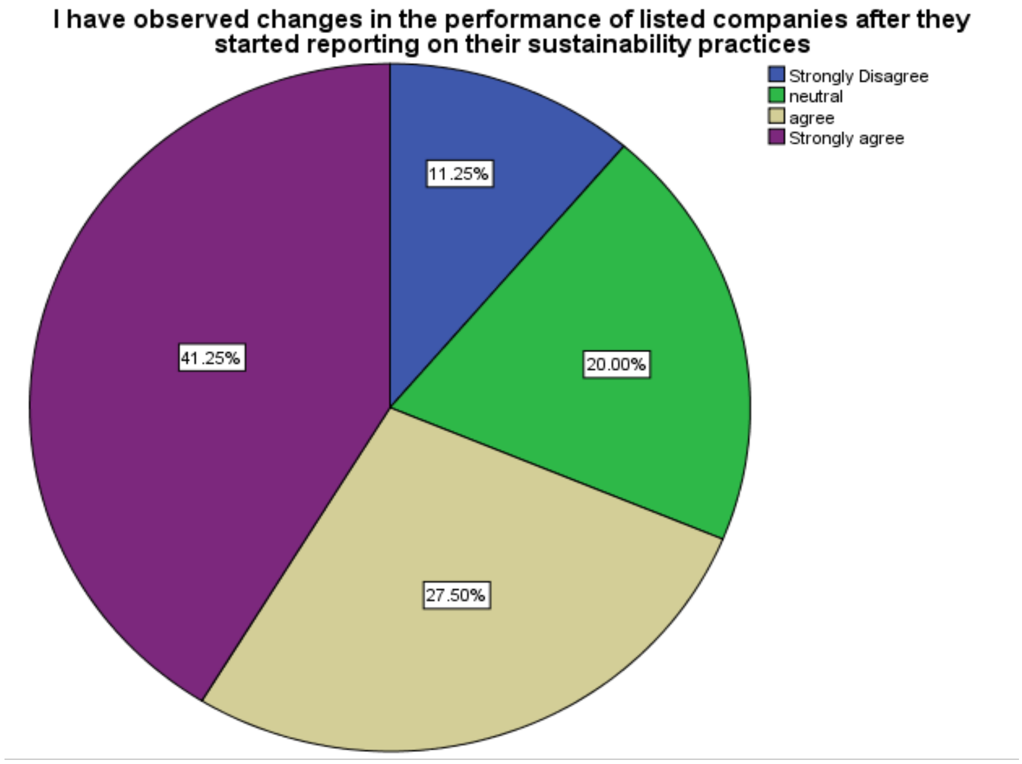

Figure 4.3**:** Performance change as a result of sustainability reporting

Source: primary data (2024)

The graphic above depicts stakeholder responses to changes in the performance of listed corporations due to sustainability reporting. 41.25% strongly agreed, 27.50% agreed, and 20% were undecided. However, 11.25 % disagreed. It revealed that respondents not only read sustainability material but were also aware of changes in company performance, with only a few opposing.

4.3. Relationship between sustainability reporting score and company performance

4.3.1. Correlation analysis

The sustainability reporting score for 2022 was compared to the performance indicator ROA for 2022 to see if there was a link between the variables. Table 13 demonstrates the link between the sustainability reporting score (SUST2022) and the performance indicator (ROA) generated for the same year 2022. The R-value represents the strength and direction of the link.

Table 4.9: correlation between sustainability reporting score and ROA for 2022

Correlations			
		ROA	SUSTAIN2022
ROA	Pearson Correlation	1	.649
	Sig. (2-tailed)		.054
	N	9	9

Source: primary data (2024)

According to the preceding table, the Pearson correlation value of 0.649 indicates a somewhat good association between the sustainability reporting score (SUST2022) and firm performance (ROA). This means that as the 2022 sustainability reporting score grew, so does the ROA. Because the p-value is within the allowed range ($p>0.05$), the observed correlation suggests a statistically linear relationship between the sustainability reporting score and ROA. This reveals that the short-term correlation of sustainability reporting to the performance of the firm was moderately positive and significant. The results appeared to tally those of (Almashhadani & Almashhadani, 2023) who found that those companies who report on sustainability are typically profitable as determined by ROA and these two variables has a somewhat good relationship which can be shown by the study's results of 0.560 Pearson correlation results as compared to this study's 0.649.

4.3.2. Stakeholders' Perceptions

The purpose of the questioning was to discover if stakeholders noticed any correlation between sustainability reporting. The stakeholders were asked if they have noticed a relationship between these two variables**.** The findings are presented in the table below.

Table 4.10: Relationship between sustainability reporting and firm performance

Level of agreement	Frequency	Percent
Strongly Disagree	8	10.0
Disagree	5	6.3
Neutral	16	20.0

Agree	18	22.5
Strongly agree	33	41.3
Total	**80**	**100.0**

Source: primary data (2024)

The table above highlighted that the vast majority of respondents (22.5% and 41.3%) agreed that there was a link between sustainability reporting and firm success. 20% of respondents were indecisive, while 16.3% expressed different levels of disagreement. This means that there is a substantial association between the variables in question, as observed by the majority of stakeholders.

4.4. Aspects of sustainability reporting being reported by companies

4.4.1. Analysis of sustainability reporting aspects disclosed

Table 4.11: analysis of GRI items

Descriptive Statistics for GRI indicators			
GRI indicator	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
Environmental	75.5540	6.17305	13.80337
Economic	82.5780	7.65203	17.11046
Governance	100.0000	.00000	.00000
Social	96.6680	2.04042	4.56253

Source: primary data (2024)

The table above reveals that the total mean for environmental disclosures made by ZSE tested firms was 75.55%, which was varied by 13.80. The mean economic disclosure rate was 82.58%, which was varied by 17.11. The mean for governance transparency was 100%, while the mean for social disclosure was 96.6%, with a 4.56-point difference. When compared to the research results for firms listed in Sri Lanka (Thayaraj & Karunarathne, 2021), the economic disclosure there was 0.82, the environmental disclosure 0.75, and the social disclosure 0.65, however, governance disclosures are not included and that made the difference with this study. It was clear that firms listed on the ZSE were more transparent about their GRI indicators.

4.4.2. The impact of sustainability reporting aspects on performance.

Table 4.12: sustainability reporting aspects and ROA

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.979	.883		2.241	.075
	environmental disclosure	.015	.012	.332	1.173	.093
	economic disclosure	.049	.021	.641	2.308	.046
	social disclosure	-.141	.047	-.620	-2.995	.030
a. Dependent Variable: ROE						

Source: primary data (2024)

The table above illustrates the link between sustainability reporting components and the performance variable ROA. It demonstrates that environmental and economic disclosures have a positive association with ROA. Social transparency revealed a highly significant (0.030) negative correlation with ROA. The results presented above are congruent with those of (Buallay, et al., 2019), who discovered that only social performance disclosure had a detrimental impact on firm performance. The positive relationships of other aspects (economic, environmental, and governance) appear to be consistent with the findings of (Caesaria & Basuki, 2017), (Bundo, 2021) and (Thayaraj & Karunarathne, 2021) who discovered that these aspects positively correlate with performance; however, they only differed on social disclosure, which was found to have a negative relationship in this study. This illustrates how revealing economic information in sustainability reports enhances a firm's capacity to succeed in the market as it shows how the company is contributing to the growth of both the local and global economies. It also shows how the company's image will be improved by disclosing its environmental performance, which raises the company's market worth. Taking into account the study of (Clarissa & Rasmini, 2018), environmental performance had a negative impact that differed from the results of this study and majority of others. The information that contributes to a decrease in the performance of the organization is probably the adverse effect of social aspect disclosure. This is due to the fact that the majority of businesses still believe that social responsibility is just a burden that might lower their income, so that disclosing social responsibility cannot improve the financial success of the business. This result is consistent with Freeman's (1984) stakeholder theory, which holds that social disclosure ought to be a type of corporate duty to stakeholders in order to build a favourable reputation that will boost the business's financial performance. According to the findings of other research, the social index and ROA have a stronger relationship than the environmental and economic indices (Mutalib, et al., 2020).

4.4.3. Stakeholders' perceptions: Importance of sustainability reporting aspects

The question was aimed to determine how stakeholders rate the sustainability reporting components in order of significance to them. The figure below displays the responses:

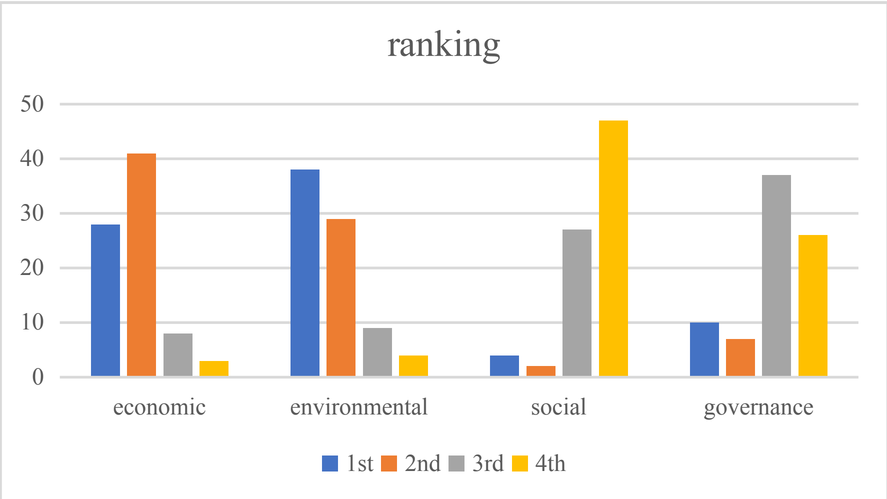

Figure 4.4: ranking of sustainability reporting aspects in order of importance

Source: primary data (2024)

The figure highlighted that economic indicator was ranked second by most respondents, environmental was first, governance indicators took the third spot and the fourth was social disclosure.

4.5. Factors that affect sustainability reporting practices

4.5.1. Sustainability Reporting Actions of listed companies

The data about sustainability reporting of sampled companies was gathered and analysed individually over a period of four (4) years from the year 2019 to 2022.

Table 4.13: sustainability reporting disclosures of sampled companies listed on the ZSE

COMPANY	2019	2020	2021	2022
OK ZIMBABWE	13	16	16	18
RIO ZIM	17	17	17	17
NATIONAL FOODS	20	20	20	20
CBZ HOLDINGS	11	12	16	19
DELTA CORPORATION	20	20	20	20
ECONET WIRELESS	20	20	20	20
SIMBISA BRANDS	17	18	19	19
SEEDCO	13	13	14	20
HIPPO VALLEY ESTATES	19	19	19	20
GRAND TOTAL	**150**	**155**	**161**	**173**

Source: author's analysis

Company wise analysis of companies listed on ZSE

Annual reports from chosen firms were carefully evaluated using content analysis to determine the number of items reported. GRI standards consisting of 20 items/indicators were used as a foundation. Table above reveals that National Foods Ltd, Delta Corporation, and Econet Wireless have reported the highest number of indicators over the years, followed by Hippo Valley Estates. Furthermore, it demonstrates that SEEDCO and CBZ Holding recorded the fewest number of characteristics in the first three years, but both reported better in 2022.

4.5.2. Reference and use of GRI Standards

Table 4.14: Compliance with GRI standards

Company	Compliance/ reporting in accordance with GRI
Ok Zimbabwe	Yes
RioZim	No
National Foods	Yes
CBZ Holdings	Yes
Delta Corporation	No
Econet Wireless	Yes
Simbisa Brands	Yes
SEEDCO	Yes
Hippo valley Estates	No

Source: author's analysis

The table indicates that 6 selected companies reported their sustainability information in accordance to/ with the standards provided by GRI, with the exception of RioZim, Delta Corporation and Hippo Valleys Estates.

Stakeholder perception: Compliance with GRI standards

The question was aimed to check if the stakeholders noted that listed firms are complying with the recommendations established by the GRI. The figure below displays the responses of the stakeholders:

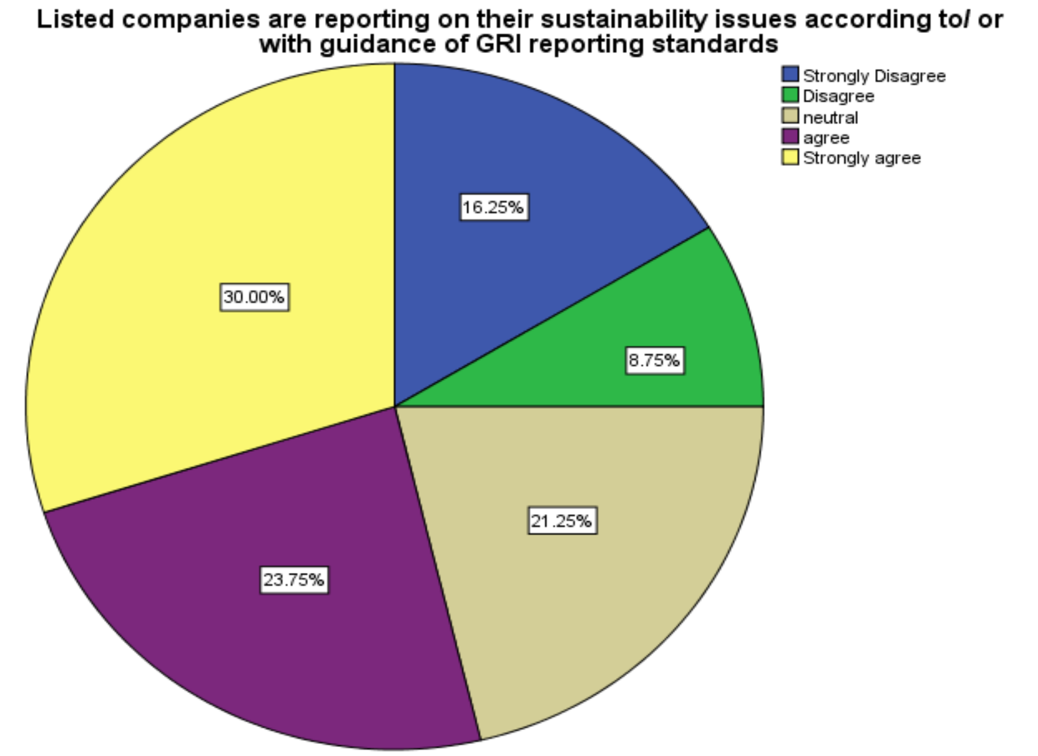

Figure 4.5:compliance with GRI reporting

Source: primary data (2024)

The figure clearly shows that 30% of respondents strongly agreed that organizations report in compliance with GRI, while 23.75% agreed. 21.25% of respondents were neutral, while 8.75% and 16.25% disagreed and strongly disagreed respectively. This suggested that the majority of stakeholders agree that listed firms did actually report in compliance with GRI guidelines. Compared to a study by (Luquer-Vilchez, et al., 2023), the stakeholders agreed that indeed most firms were producing reports in accordance with GRI Standards.

4.5.3. Sustainability Reporting Practices of Companies over the Period of Study

Descriptive statistics

Throughout the research period, the sustainability reporting scores of chosen firms were evaluated. Table below shows the results of a paired t-test used to assess the sustainability reporting approaches to sample organizations for the years 2019 and 2022.

Table 4.15: Paired t-Test Results for Change in Sustainability Reporting (FY 2019 vis-à-vis FY 2022)

Paired Samples Test

		Paired Differences			T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	SUSTAIN2022 - SUSTAIN2019	3.22222	3.83333	1.27778	2.522	8	.036

Source: primary data (2024)

The positive and highly significant t-statistic (t-statistic=2.522) (p=0.036) from the paired t-test findings shows that the sample firms' sustainability reporting procedures have improved throughout the course of the research. The sustainability reporting scores in the previously stated table support the paired t-test results, which show that the scores of all sample organizations have improved during the course of the research. The findings of this investigation align with an identical examination conducted by Thayaraj & Karunarathne (2021) to confirm the sustainability reporting protocols of publicly traded companies.

4.5.4. Stakeholders' perception: factors that affect sustainability reporting practices

Reliability test

The factors that affect sustainability report were collected using a questionnaire, so there was need to conduct the reliability test hence the Cronbach's alpha test.

Table 4.16: Cronbach's alpha test

Reliability Statistics

Cronbach's Alpha	N of Items
0.847	5

Source: primary data (2024)

The Cronbach's alpha coefficient for each variable was above 0.847 suggesting that the instrument and the responses were reliable.

Descriptive statistics

Figures below shows the results from respondents about the factors that affect sustainability reporting.

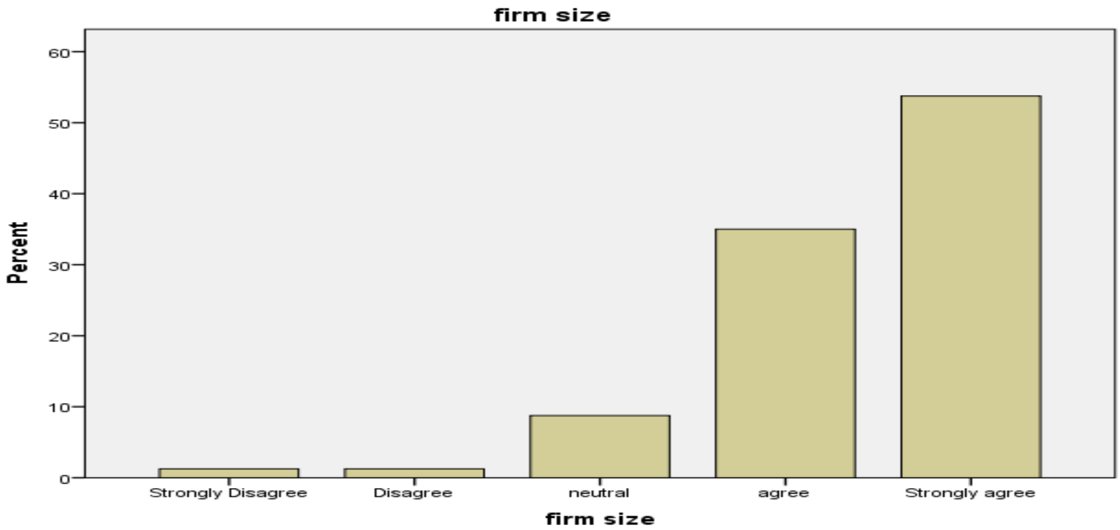

Figure 4.6: firm size

Source: primary data (2024)

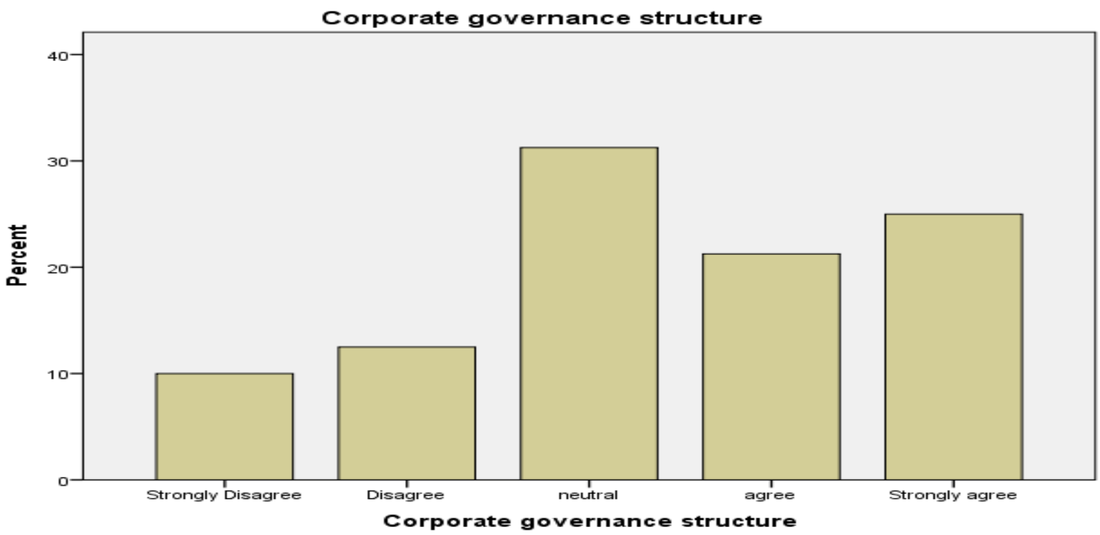

Figure 4.7: corporate governance structure

Source: primary data (2024)

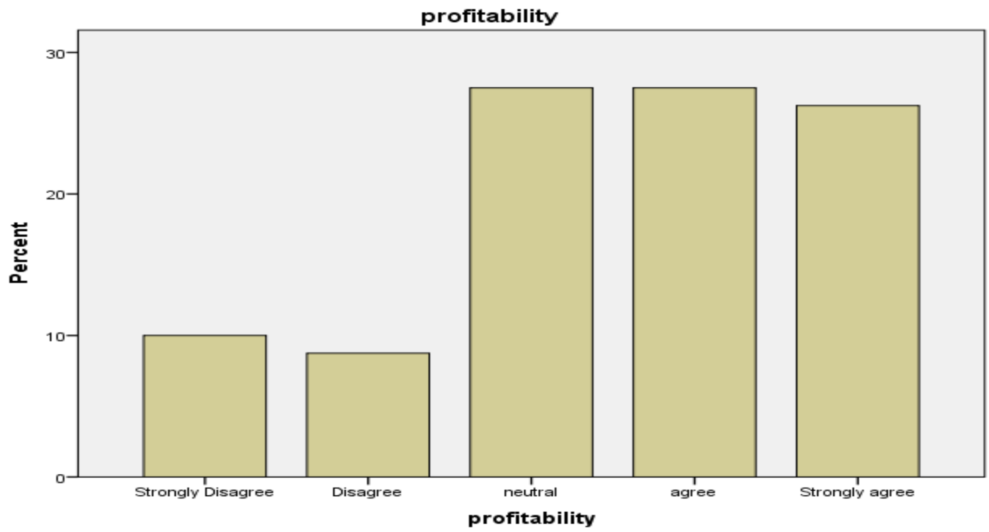

Figure 4.8:profitability

Source: primary data (2024)

Figure 4.9: industrial sector

Source: primary data (2024)

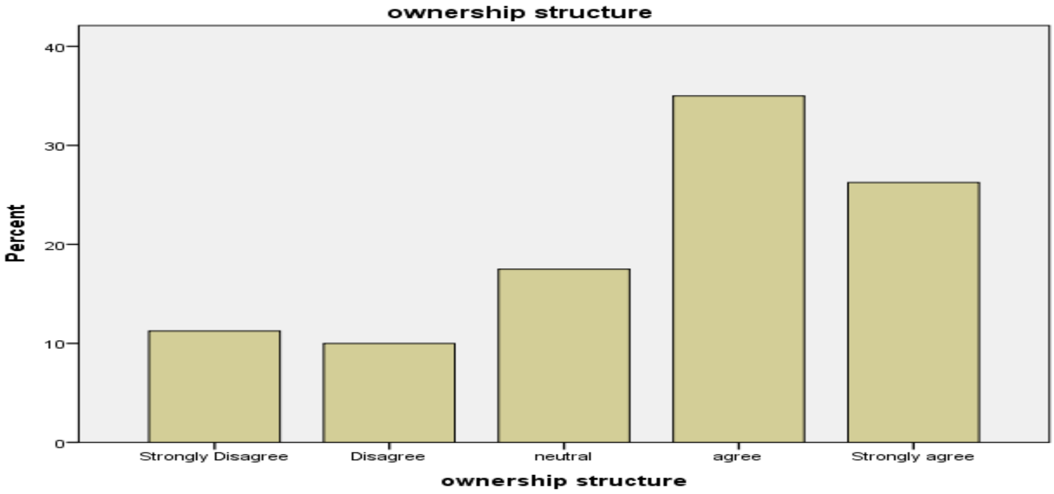

Figure 4.10:ownership structure

Source: primary data (2024)

The above figures show the responses from stakeholders on the factors that affect sustainability reporting. The majority of stakeholders showed their level of agreement on all factors that they affect sustainability reporting, however, profitability and corporate governance structure received respondents who were neutral. This revealed that most respondents believed that all the factors affect sustainability reporting. Studies including (Sibanda, 2018), and (Clarissa & Rasmini, 2018), have looked at some of these factors and how they determine sustainability reporting. Their conclusions were that company size was part of the factors that influenced the company decision to disclose the sustainability practices (Sibanda, 2018).

4.6. Summary

This chapter shows the presented the analysis and discussion of data from the questionnaire and content analysis. The chapter started by evaluating the responses from the questionnaire and the content analysis which was analysed by ways of regression, correlation and descriptive statistics.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0. Introduction

This section will examine the study's summary, conclusions, and suggestions that might be helpful to stakeholders and future research. The goals stated in the first chapter and the outcomes shown in the fourth chapter serve as the foundation for the summary of findings. Additionally, conclusions about how sustainability affects listed firms' performance on the ZSE were reached and were contrasted with findings from other research. The chapter concludes with recommendations for more study.

5.1. Summary of Findings

The dissertation findings revealed several important insights regarding sustainability reporting and its relationship with company performance. In this chapter, the key findings are as follows:

5.1.1. Relationship Between Sustainability Reporting and Company Performance

The study found a notable link between sustainability reporting and company performance. Stakeholders agreed that sustainability reporting significantly influences performance.

Both the overall reporting score and specific sustainability reporting aspects were associated with company performance. Economic performance, environmental performance, and governance disclosure showed positive relationships, while social performance had a negative association.

5.1.2. Impact of Sustainability Reporting on Listed Companies

Sustainability reporting had a significant effect on the performance of listed companies. Stakeholders acknowledged this impact, which was also supported by existing studies in this field.

Changes in sustainability reporting practices influenced the performance of listed companies. Favourable impacts emerged in the long run, indicating that sustainability reporting efforts yield positive results over time.

5.1.3. Extent of Sustainability Reporting Aspects Disclosed:

Listed companies disclosed various sustainability reporting aspects in their reports. Regardless of the reporting standard used, indicators related to social performance, governance, economic, and environmental aspects were consistently disclosed.

Stakeholders ranked these aspects based on their importance, emphasizing their relevance for various reasons. Consequently, companies prioritized disclosing them.

5.1.4. Factors Influencing Sustainability Reporting Practices:

Examples of Influential Factors:

Firm Size: The study tested the impact of firm size on sustainability reporting practices. It confirmed that firm size affects reporting behaviour.

Corporate Governance Structures: Companies' governance structures also played a role in shaping sustainability reporting practices.

Profitability and Industrial Structures: Profitability and industry-specific factors influenced reporting decisions.

5.1.5. Stakeholder Perceptions and Alignment with Study Results

The study actively engaged stakeholders, recognizing their critical role in interpreting sustainability reporting. Their perceptions aligned closely with the study's empirical findings. Key areas where stakeholder input was crucial include:

Relationship Between Sustainability Reporting and Company Performance:

Stakeholders acknowledged the significant relationship. Their insights reinforced the study's results. The alignment between stakeholder perceptions and empirical evidence underscored the importance of considering their viewpoints.

Impact of Sustainability Reporting on Listed Companies:

Stakeholders recognized the notable impact of sustainability reporting on listed companies. This alignment was consistent with existing research in this domain. The study highlighted changes in company performance after adopting sustainability reporting practices, particularly when adhering to Global Reporting Initiative (GRI) standards.

Importance of Sustainability Reporting Aspects:

Stakeholders' ability to rank sustainability reporting aspects revealed their importance. These aspects were deemed relevant for various reasons. Companies responded by consistently disclosing indicators related to social performance, governance, economic, and environmental factors.

Factors Influencing Sustainability Reporting Practices:

The multifaceted nature of sustainability reporting was influenced by several factors. Examples of influential factors included firm size, corporate governance structures, profitability, and industrial context. Stakeholders confirmed that these factors indeed shaped companies' reporting practices.

5.1.6. Consistency with Past Studies

The study's findings echoed previous research on the impact of sustainability reporting on firm performance. Notably:

Significant Association and Impact: Past studies consistently found a significant correlation of sustainability reporting and performance outcomes. This study reaffirmed that reporting on sustainability plays a pivotal task in influencing company performance.

5.2. Conclusion

This research looked into the impact of sustainability reporting on the performance of entities listed on the ZSE. Through diligent content analysis of annual reports, the study extracted data on sustainability reporting practices. Employing the GRI index as a benchmark, the study evaluated governance, social, environmental, and economic aspects. The long-term analysis indicated a positive impact of sustainability practices on corporate performance, firms dedicated to sustainability practices witnessed beneficial outcomes over time. Contrarily, a short-term negative impact was observed, highlighting the complexity of performance dynamics. The study substantiated a significant link between sustainability reporting and organizational performance, with stakeholder perceptions corroborating the empirical findings and underscoring the value of such practices. The majority of ZSE-listed companies adhered to GRI guidelines, consistently revealing key sustainability metrics. This prevalent compliance signals the rising stature and acceptance of sustainability reporting within Zimbabwe. Influential factors shaping sustainability reporting included company size and governance structures, with stakeholders recognizing their consequential effects on reporting behaviours.

5.3. Recommendations

In light of the above conclusions, it is recommended that listed companies to persist in transparent sustainability disclosures, which promise to enhance long-term corporate prosperity. Companies engaging in sustainability reporting are garnering interest from ESG-focused investors, offering potential long-term advantages.

It is advisable to closely monitor variables influencing sustainability reporting. Notably, profitable and sizable corporations with robust governance are more likely to engage in comprehensive sustainability disclosures, reaping associated benefits. Firms should seek external guidance to refine their operational practices.

Zimbabwe's financial landscape features two primary exchanges, the ZSE and the VFEX. These platforms should spearhead the promotion of responsible investment strategies among their listed companies. The growing demand for ESG adherence, particularly within the mining and manufacturing sectors, underscores the necessity for ethical investment practices. As pivotal proponents of sustainability reporting and ESG metrics, the exchanges can drive positive change. The enforcement of Statutory Instrument 134 of 2019, mandating sustainability disclosures for ZSE-listed companies, is crucial for positioning the capital markets as an attractive investment hub.

This investigation concentrated on the impact of sustainability reporting for ZSE-listed firms. Future inquiries might dissect the individual impacts of sustainability aspects on corporate performance in Zimbabwe. While this study looked at ZSE-listed firms, subsequent research could expand to encompass a broader regional spectrum, including unlisted large enterprises such as those in the funeral service industry, to evaluate the influence of sustainability reporting on their performance.

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APPENDICIES

Appendix i: **QUESTIONNAIRE**

Dear Respondent

My name is B202B253B, and I am a student at Bindura University of Science Education, where I am pursuing a Bachelor of Accountancy degree. I am conducting a study which reads, the impact of sustainability reporting on the performance of Zimbabwe Stock Exchange (ZSE) listed companies, as a partial fulfilment of my degree program. I would appreciate it if you could fill out the following questionnaire. Please be aware that the goal of this questionnaire is strictly academic. All replies and information provided are kept completely private and won't be shared with anyone else. Since no personal information such as name, surname, or employee number is needed, the replies remain anonymous.

Thank you

SECTION A: GENERAL INFORMATION

Please provide the following information about yourself and your relationship with the firm by ticking and filling the gaps provided

Highest qualification attained?

Ordinary Level [ ] Advanced Level [ ] Certificate [ ]

Diploma [ ] Degree + [ ]

What is your role or position in the firm? (E.g. Shareholder, Investor, Auditor, customer, etc.)

…………………………………………………………………………………………
…………………………………………………………………………………………
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Business experience

Less than a 1 year [ ] 1-3 years [ ] 3-5 years [ ]

5-10 years [ ] above10 years [ ]

SECTION B: VARIABLES

Likert scale

Strongly disagree=1, disagree=2, neutral=3, agree=4, strongly agree=5

Please complete the following information by inserting a tick in the box.

	1	2	3	4	5
I am familiar with the concept of sustainability reporting (the process of disclosing the environmental, social, and governance					

impacts of a company's activities) in listed companies.					
I read or use sustainability reports or sustainability information?					
I have observed changes in the performance of listed companies after they started reporting on their sustainability practices					
I have noticed that there is a relationship between sustainability reporting and performance of a companies					
Sustainability reporting has a notable impact on the financial performance of a companies.					
Listed companies are reporting on their sustainability issues according to/ or with guidance of GRI reporting standards.					

SECTION C: Sustainability reporting aspects

Please fill in the spaces provided and ticking where applicable

How do you access a company's sustainability information (e.g., company's website, print, other websites)?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………

Rank these most significant aspects of sustainability reporting that impact the performance of listed companies in their order of importance (environmental impact, social responsibility, governance, and economic performance)

1.…………………………………………………………………………………………

2.………………………………………………………………………………………

3.………………………………………………………………………………………

4.……………………………………………………………………………………

Have you made any investments decisions based on a company's sustainability reporting?

yes ☐

No ☐

SECTION D: Factors affecting sustainability reporting

Do you agree that the following factors affect sustainability reporting?	1	2	3	4	5
Firm size					
Profitability					
industrial sector					
corporate governance structure					
ownership structure					

Please feel free to add any comments or suggestions about the company's sustainability reporting in Zimbabwe in the space given below

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THANK YOU FOR YOUR PARTICIPATION AND FEEDBACK