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IMPACT OF ESG DISCLOSURE ON INVESTING DECISIONS: A CASE OF CBZ BANK ZIMBABWE

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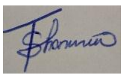
Signed 

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I, the undersigned certify that I have read and recommend to Great Zimbabwe University for acceptance; a project entitled “Impact of ESG disclosure on investing decisions: a case of CBZ bank Zimbabwe” submitted by Tafadzwa P Shoniwa (M222994) in partial fulfilment of the requirements for Master of commerce degree in professional accounting and corporate governance/Grad ICSA

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I Tafadzwa P Shoniwa do hereby declare that the project had been the result of my effort, and such work was not presented elsewhere for anywhere for any Higher Diploma or Degree. All additional information was acknowledged by means of references.

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Dedication

To my late Father Michael and my late brother Lovejoy. I wish you were here to see the man I have grown to be.

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This research was a big journey. It was big in its meaning to me and discoveries along its way. Big in how it concentrated ideas, events, and emotions. Despite starting my master's journey with Great Zimbabwe University, with what I thought were already formed views, my time spent here and the people whom I had the chance to meet have transformed both my academic perspectives and personal beliefs. It was truly a life-changing experience. The thesis has accumulated many debts. My most important debt is to my supervisor, Mrs Zhou, who guided me through every turn of my master's journey, from the early beginning discussing my research proposal, until the final research. The completion of this research would not have been possible without her scholarly and moral support. she has been the best supervisor with a great research intuition in a widest sense.

It was a great luck, honour, and pleasure of mine to be a part of the Great Zimbabwe University and finally, I am, and will continue to be, indebted to my precious family, and my mother Tariro Shoniwa. Without your love, endless belief in me, and support of my life choice, I would not have been able to get through my masters. They endured and shared all the challenges assigned to me with great courage. I love you more than any words can say.

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ABSTRACT

This study investigates the influence of Environmental, Social, and Governance (ESG) disclosure on investment decisions made by CBZ bank in Zimbabwe. Driven by the rising emphasis on ESG integration, the research assesses its impact on financing and explores factors influencing investments, methods for enhancing sustainable investments, and motivations behind corporate ESG disclosure. Utilizing the theory of planned behaviour as a theoretical framework, the study employs a mixed-methods approach, combining questionnaires and interviews. The findings, analysed and presented using SPSS V20 and Microsoft Excel, reveal that while banks consider ESG disclosures during investment decisions, their influence alone is minimal. Additionally, the absence of mandatory ESG disclosure policies and integration frameworks within the Zimbabwean financial sector hinders wider adoption. The study concludes that while ESG disclosure plays a role in shaping investment decisions, its acceptance in Zimbabwe remains limited. It recommends further research to explore how financial institutions can improve environmental disclosures and evaluate the potential for adjusting regulations to incorporate ESG considerations into the banking sector.

CHAPTER I

1.0 Introduction

One of the many elements driving the increased interest in ESG among businesses and scholars is climate change; in fact, the latter has published multiple articles about it in the last few years (e.g., Hoi et al. 2018; Vu et al. 2020; Jia 2020). Massive flooding, global warming, carbon emissions, water pollution and land degradation amongst other social ills have posed great danger to both animals and humanity over the years. Research which was carried out over the years cited human activity as the major driver of such disasters. To better address the needs of institutional and retail investors, as well as some public sector authorities, who want to better incorporate long-term financial risks and opportunities into their investment decision-making processes to generate long-term value, environmental, social, and governance, or "ESG," investing has changed in the last few years. Environmental, social, and governance issues are long-term factors that can involve credit risk and equity value erosion through time, as well as downside risks and disputes. As a result, its goal is to incorporate investor and beneficiary values into an investing strategy while also combining greater risk management with increased portfolio returns.

However, focus of this study is to highlight ESG disclosures made by banks as a tool for financial institutions' investment decisions, with a particular focus on CBZ bank. This chapter provides an overview of the study, including its background, problem statement, purpose, scope, delimitations, definitions of important words, and study summary.

1.1 Background of the study

Like business itself, externalities have existed forever. Chinese cities have been classified as being at an intolerable level of air pollution, according to KPMG (2014). Negative externalities, including as pollution, carbon emissions, and environmental harm, have been a hot topic of discussion in the current corporate environment. Numerous studies have been carried out to measure business externalities and according to KPMG, (2012) report titled Expect the unexpected as cited in KPMG (2014), These matters of negative externalities amongst other social and environmental disasters have been a cause of concern for over two decades. Eleven major industry sectors accounted for 41% of the environmental damage they created in 2010; if certain industries, like the food business, had to pay for their environmental harm, they would have no remaining profit.

Demands for governments, corporations, continents, and nations to create more environmentally and socially responsible commercial initiatives have been growing from a variety of stakeholders worldwide. Beyond just considering the interests of shareholders and investors, sustainability also considers the accountability of stakeholders that have a direct or indirect impact on or connection to the firm. (2017) Farisa.A. et al. Significant steps towards promoting sustainable businesses and projects have been made this is evidenced by the creation of socially responsible investments funds (SRI) with major steps being led by global regulators such as UN through the United Nations Principles of Responsible Investment.(UNPRI) which has been set to promote sustainable investment in communities around the globe.

ESG integration has been lagging in the finance sector. This is no longer the case, as evidenced by current trends, which indicate that institutional investors are gradually becoming more concerned with ESG issues. Sustainability concerns, especially those pertaining to climate conditions, are viewed as possible significant drivers of portfolio risk and return from the standpoint of investments (OECD, 2017). The rise of funds devoted to ESG concerns reflects a broader shift in investor sentiment. This pattern indicates that over time, investors have been less focused on financial returns and more on a more integrated approach to incorporating ESG issues into their investment processes.

Sustainability accounting issues are increasingly relevant in the modern business environment, this has been evidenced by the increasing number of companies interested in going green as many investors are placing a great value on environmental and social responsibility, McCray (2002). This way of accounting has emerged over the years as ESG disclosures have become part and parcel of annual reports of many corporates. According to a study by Ndamba (2009) major changes in ESG reporting have been led by the most developed economies countries like Denmark, Sweden, Norway, United Kingdom, Germany, Canada, and Australia as the major players while in Africa it is still an emerging theme which had received partial attention except in South Africa. ESG disclosures are seen as a way of communicating environmental, social, and ethical performance of business activities to stakeholders which is done by many top companies, Little (2004).

Carrots & Sticks (2016) noted an increase in ESG reporting instruments in European countries with 155 instruments in 2016 equated to 8z0 recorded in 2013, that's approximately a 94% change in 3 years. They further reported a 75% increase since 2013 in the Asia pacific with thirty-one out of 108 instruments in place introduced by financial market regulators. Issuing of ESG reports as part of the annual reports has been voluntary but however with the popularity and attention environmental accounting gained over the years there has been more and more player engaging in the governance of ESG reporting.

Though sustainable investment and ESG disclosure have become significance matters in the modern business environment, Zimbabwe is still finding its way in incorporating ESG issues in its business environment. According to the Financial Gazette (September 3, 2010), to date guidelines on ESG issues are contained in the National code on corporate governance in Zimbabwe (ZIMCODE) of 2015 and Zimbabwe stock exchange listing rules similarly to South Africa King III report and JSE. It further indicated that only 3% of companies listed on stock exchange were including disclosure of their environmental impact in their annual reports according to results of a study by Ndamba (2009).

Moreover, the main investors in Zimbabwe are banks, pension funds, and a select group of private citizens. However, environmental, social, and governance (ESG) concerns are not sufficiently incorporated into credit rating, lending, and investment strategies under Zimbabwe's present traditional banking rules. Although a lot of study has been done on investments related to sustainability and the environment, it has mostly concentrated on mining, managing, and safeguarding natural resources. The importance of banks, which are important sources of wealth in Zimbabwe, has been overlooked in this. As a result, research on banks and the financial industry in Zimbabwe is necessary. This is since considerable measures are required to promote ethical investing practices within the banking industry and among the businesses that banks finance.

1.2 Statement of the problem

The global financial crisis (GFC), which demonstrated the unavoidable interconnectedness of the global economy, has caused significant changes in the corporate sector during the past few decades. McCray (year 2002). There are risks associated with injecting foreign direct investment into the host country, for both the investor and the citizens of the country where the investment is being made. 2019 dangers associated with foreign direct investment (FDI) in Malawi include acts of aggression, nationalism, civilisation, violations of human rights, environmental degradation, discrimination, shifts in industry patterns, and political instability. Nonetheless, investors must be confident that their money is secure and covered.

Investors (banks) in a country are concerned with a wide range of issues, including equality, discrimination, access to opportunities, human rights abuses, governance, rule of law, sustainable use of national resources, and accountability. This is because investment can have a significant impact on global value chains, the environment, the social fabric of the economy, and the political outlook. This is why researchers are interested in analyzing the impact of ESG disclosure on investment and financing decisions in Zimbabwean banks. ESG disclosure is the process of reporting on a company's environmental, social, and governance performance. By understanding the impact of ESG disclosure, researchers can help investors to make more informed and responsible investment decisions.

1.3 Research objectives

1.3.1 To find out the financial institutions investment considerations when deciding to fund projects in Zimbabwe.

1.3.2 To identify motivations leading to social & environmental disclosures by banks.

1.3.3 To evaluate the significance of environmental and societal disclosures on investing decisions.

1.3.4 To identify motivations leading social & environmental disclosures by banks and to explore strategies in place to improve sustainable investment by banks.

1.4 Main Research questions

How does ESG disclosure affect investment decisions?

1.4.1 Sub research questions

1.4.2 What do banks in Zimbabwe consider when deciding to fund projects?
1.4.3 What are the strategies in place that motivate sustainable investment by banks?
1.4.4 How best can environmental and social disclosures be incorporated in the Zimbabwean finance and banking sector to achieve sustainable investment?
1.4.5 What are the motivations behind social and environmental disclosure by banks?

1.5 Research Justification

This thesis looks at how CBZ Bank investment decisions are affected by ESG disclosures. In this study, empirical evidence will be gathered to identify the specific aspects of ESG disclosure that financial institutions consider when making investment decisions. Additionally, the thesis will examine the correlation between ESG disclosures and investing decisions. Previous research in this field has not specifically identified the impact of ESG disclosures on investing decisions. As a result, this thesis has the potential to contribute significantly to the field of research.

1.6 Delimitation

This study's analysis is exclusive to the banking industry and does not consider any other businesses. Additionally, the analysis will only include banks that are listed on Zimbabwe's stock exchanges. Because companies that are listed on a stock exchange provide the necessary metrics in an organized way, the data is also more comprehensive. This study will look at the fifteen-year period from 2008 and 2023.

1.7 Limitations of the study

1.7.1 Accessing information.

Due to the organization's disclosure policy, access to a significant portion of the data used for the study was restricted and deemed confidential. Nonetheless, the researcher promised complete confidentiality of the provided data and asked approval from senior staff members with authority.

1.7.2 Resource and time constraints

The researcher's ability to cover the time gap was limited by a number of factors, including time. To fill the time gap, he used a questionnaire to collect data because it could be completed while he was away, which let the research proceed in the little time allotted. Furthermore, the researcher faced a shortage of funds to cover travel expenses since he needed to travel to Harare and other locations to obtain primary and secondary data that were adequate and relevant for the study. To augment this, the researcher supplemented the data with low-cost, sufficient, and relevant information obtained from newspapers and the internet by obtaining relevant information from organization websites.

1.7.3 Lack of experience

The researcher did not possess the skills and experience which was much needed to carry out informed research which would have affected the quality of the research. However, with continuous support and supervision from the supervisor, the research was successful and well informed.

1.8 Definition of terms

Sustainability accounting refers to an accounting system which incorporates accumulation, management, monitoring, and control of environmental, social and governance issues in its accounting process. It considers both the benefits and cost by assigning a monetary to societal and environmental impact of company activity.

Sustainable investment refers to an investment that consider environment, social and governance issues into its strategy. Thus, it takes consideration of social values, norms, and beliefs as well as employee welfare and environmental welfare in its criteria.

ESG disclosure , this is taken to be reporting of social, environment and governance issues by corporates in their annual reports, sustainability reports and integrated reports. In this study ESG disclosure is used interchangeably with sustainability reporting, corporate social reporting, integrated reporting, and corporate social reporting.

1.9 Chapter summary

The project's overall tone has been established by this chapter. It presented some background information about the issue being studied and identified additional issues related to the larger subject. This paper explains the study's scope and significance.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

The literature pertaining to financial institutions' investment considerations while choosing to fund projects in Zimbabwe was examined for this study's literature review. For this to be successful, the researcher also required to examine the literature regarding the factors that led banks to disclose information about the environment and society. Thus, it became important to assess how important social and environmental disclosures are for investing decisions. However, research on the factors that influence banks' social and environmental disclosures as well as their plans for enhancing sustainable investing was highlighted. The chapter outlined the theoretical and empirical theories that served as the foundation for the investigation. Of importance, the presentation of the empirical literature showed the gap that gave the study relevance. Hence, this chapter was the road map that showed how the study was conducted.

2.1 Theoretical Framework

Our methodology offers three different ways that pricing changes resulting from ESG reporting. First, there is an instantaneous price response because investors adjust their opinions in response to new information. Second, by influencing managers' decisions, ESG reporting makes a difference. Finally, after reading the ESG report about the companies, investors feel less uncertain about cash flows, which prompts them to look for a reduced risk premium. All three impacts are simultaneously defined in equilibrium. A larger reduction in the risk premium will be the outcome of additional information from the ESG report, which will also raise price reaction and motivate management to change their behaviour. On the other hand, a greater price reaction also provides more incentive to distort the report.

2.1.1 The Theory of Planned Behaviour

The present investigation employs Isec Ajzen's Theory of Planned Behaviour (TPB), which posits that human "intention" is contingent upon "attitude toward behaviour," "subjective norm," and "perceived behavioural control," and that "intention" finally results in "actual behaviour" (1985). "Attitude" and "intention," two TPB components, are used to explain the current study's theoretical framework. To operationalize TPB, the study takes stock market investors' "attitudes" toward ESG issues into account. After that, it concentrates on the "intention" of ESG investing by considering investment choices. According to Fishbein and Ajzen (1975), attitude is an underlying factor that directs or affects behaviour. When making investment decisions, investors' attitudes matter (Alleyne & Broome, 2011).

A person's intention represents their perceived likelihood of engaging in a particular behaviour. Among other factors, attitude can predict an investment choice. Gopi and according to Ramayah (2007), among Malaysian investors, attitude and behavioural intention have a strong positive association According to Yang and Jolly's (2009) study, which looked at how consumer perceived value and subjective norm affected the uptake of mobile data, there has been some partial acceptance of TPB. Furthermore, Warsame and Ireri (2016) found that among Qatari investors in Islamic bonds, attitude had a significant influence on behavioural intention.

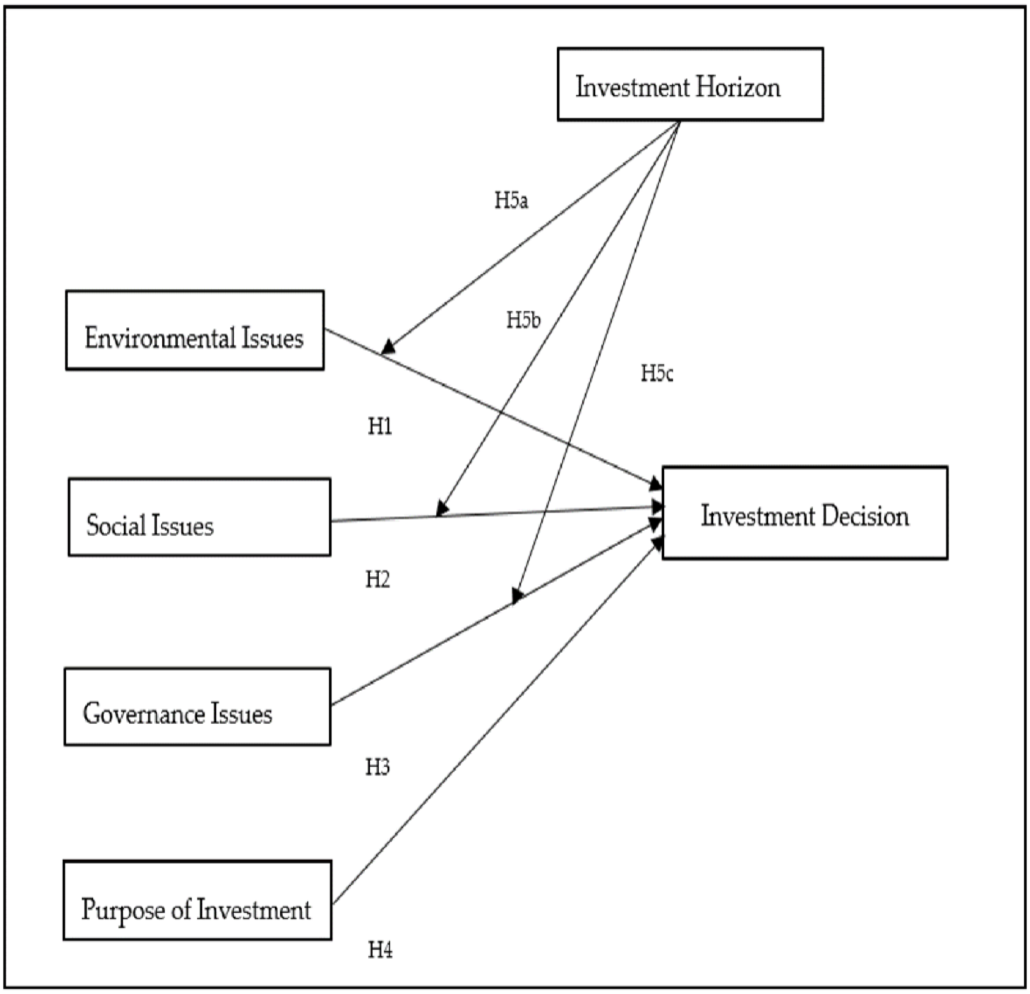
Jafarkarimi, Saadatdoost, Sim, & Hee (2016) identify the key elements influencing people's ethical decision-making on social networking sites (SNSs) and offer more proof of the impact of attitude on intention. The primary factors influencing people's propensity to purchase green products are their attitudes toward them and their level of environmental concern (Yadav & Pathak, 2016). As a result, TPB is effectively employed entirely or in part by numerous studies in a variety of sectors; yet there is a substantial knowledge gap regarding the attitude and intention of stock market investors toward ESG investing through the usage of TPB. In addition, the inclusion of the concept of investment horizon in determining Bangladeshi investors' investment decision enriches the theoretical framework.

ESG is turning into a prerequisite for sustainability. In fact, money has been flowing into the ESG space quite quickly lately. To create a trustworthy framework with strong social acceptance that can result in more widespread uses of ESG data, a great deal of preparatory effort and regulatory enforcement are required. The following are the primary limiting factors: (1) There is a lack of a trustworthy ESG model for businesses in emerging economies; (2) Management environments unique to a given nation or industry are not taken into consideration by current ESG criteria. (3) The ESG information provider's ESG evaluation score varies greatly (OECD 2020).

This can be caused by several factors, the main ones being that different providers utilize different approaches, analyse elements differently, and give different factors different weights. Notable differences in ESG ratings between providers may make it more difficult to handle ESG issues and reduce the impact of ESG ratings on investment portfolios, according to Bocco and Patalano (2020). In this case, the researcher looked at the banking industry's perspective on ESG using the concept of planned behaviour, which is useful in this investigation. Therefore, the following conceptual framework provides additional explanation of the variable based on their relationship to the topic in question.

2.1.2 Conceptual Framework

The study framework states that investor decision-making is the dependent variable and environmental, social, and governance (ESG) is the independent variable. The link between the two is illustrated by this study framework. The idea of planned behaviour, which was previously discussed, is the foundation of the framework. It states that investors will make wise decisions because of deciding to reveal. Therefore, the conceptual and theoretical frameworks made it simple to carry out this investigation. (Sultana, Sayema; Dalilawati, Zainal. 2017).(Tarmuji, Maelah, & Tarmuji, 2016).



The conceptual framework demonstrates that publicly available information affecting stock prices is one of the crucial pieces of information influencing individual investment decisions; as a result, investors are highly interested in information about corporate ethics, employee relations, community engagement, product safety and quality, and organizational environmental activities (Chandra and Kumar, 2012). Investment possibilities and hazards are identified using financial data that has been subjected to several studies.

Financial ratios are used by investors to minimize default risks, optimize financial leverage, balance short- and long-term investments, guarantee stable debt coverage, and other objectives. It is vital to investigate other non-financial aspects to improve the forecasting's predictive power. (Harford and Uysal, 2014). Thus, the concept shows the environment horizon being determined to evaluate governance issues, social and environmental issues to decide whether to invest or not.

2.2 Empirical Framework

2.2.1 ESG

Concerns regarding social inequality and climate change have been highlighted by Friedman, Heinle, and Luneva (2021). Additionally, investors, consumers, and regulators are showing a growing amount of interest in a company's environmental, social, and governance (ESG) practices. Data is an essential component of decisions that stakeholders make. Even in cases where direct regulation of underlying activities is difficult or impractical, pressure from investors and stakeholders can persuade businesses to change their operations to ones that are more desirable from an ESG or cash flow standpoint. Governments, trade associations, and even businesses are creating guidelines for corporate ESG reporting as a result.

Furthermore, Friedman et al. (2021) contend that some investors consider ESG when determining the demand for shares, for a variety of reasons, including altruism, worry about ESG outcomes, or the benefits of allocating wealth in accordance with ESG. Different business behaviour’s influence the firms' ESG and financial flows, and we let these acts to have a variety of consequences on both metrics. To increase the firm's price, their study assumes that a manager chooses corporate actions (the manager's effort, which is also interpreted as investments in projects) and that investors are unsure about the manager's decision because the manager's preference has an unobservable stochastic component (Friedman, Heinle, & Luneva, 2021). This is the basis of the current investigation.

The 2015 study by Halbritter and Dorfleitner examines the empirical data that has been gathered thus far about the connection between financial success as measured by environmental, social, and corporate governance (ESG) ratings and corporate social responsibility (CSR). They sampled the U.S. market between 1991 and 2012 using ESG data from ASSET4, Bloomberg, and KLD. The econometrical framework created an ESG portfolio strategy by using the Carhart (1997) four-factor model and cross-sectional Fama and MacBeth (1973) regressions. According to Halbritter & Dorfleitner (2015), a previous empirical investigation revealed a relationship between returns and ESG ratings. ESG portfolios, on the other hand, show no appreciable variation in return between companies rated highly and lowly.

While the regressions conducted by Fama and MacBeth (1973) indicate that several ESG variables have a considerable impact, investors are scarcely able to take advantage of this link. The extent and direction of the impact are significantly influenced by the rating agency, the firm sample, and the particular sub period. The results indicate that investors should no longer anticipate remarkable gains when trading a portfolio of highly and poorly rated companies based on environmental, social, and governance (ESG) features (Halbritter & Dorfleitner, 2015). But since the goal of the current study is to determine how investor decisions are impacted by ESG, it might differ from the goals outlined above. When it comes to investing or where to invest, investors may wish to be persuaded. This is something that the study on CBZ does not rule out.

Li, Wang, Sueyoshi, and Wang (2021) bolster the importance of ESG. In their research, they noted that for society and the global economy to grow sustainably, the environmental, social, and governance (ESG) principles must be used. Over the period of 17 years, the ESG principle has been improved upon since it was first formally introduced in 2004. Nations across the world continue to push for the coordinated development of the environment, society, and government in accordance with the ESG concept. Li, et al. (2021) review and summarize the state of ESG research using CiteSpace, a literature analysis tool, by using the literature as the study object and showing the trends, hotspots, and cooperative status of ESG research. This bolsters the argument put forth below.

Van Duuren, Plantinga, and Scholtens (2016) investigated the ways in which conventional asset managers integrate environmental, social, and governance (ESG) factors into their investment approach. Van Duuren and colleagues (2016) based this on a global survey of fund managers. Many conventional managers incorporate responsible investing into their investment strategy, according to the report. ESG data can also be used for red flagging and risk management. Many traditional fund managers have already incorporated responsible investing components into their investment strategy, per their research. Furthermore, we argue and show how fundamental and ESG investment are very comparable. Additionally, we discover a considerable difference in the views of American and European asset managers about ESG. (Plantinga, Scholtens, and Van Duuren, 2016). As a result, our research at least supports the idea that managers do take investors' interests into account when making decisions. Nevertheless, as previously said, this study draws from Van Duuren, et al. (2016)'s study to examine how distinct the aspect of ESG is in Zimbabwe and finds that asset managers in the United States and Europe have very different perspectives on ESG.

Moreover, several studies have investigated the relationship between companies with strong environmental, social, and governance (ESG) characteristics and corporate financial success (Giese et al., 2019). These, however, have frequently failed to demonstrate that, when they do occur, positive correlations can explain the behaviour. Giese et al. (2019) developed a link between ESG data and the valuation and performance of firms by analysing three transmission channels—the cash-flow channel, the idiosyncratic risk channel, and the valuation channel—within a conventional discounted cash flow model. They used financial indicators and data from the MSCI ESG Ratings to test each of these transmission channels. This demonstrated how a company's systematic risk profile and idiosyncratic risk profile—that is, greater profitability and fewer exposures to tail risk—were related to its value and performance based on its ESG information. According to the research, shifts in an organization's ESG traits could serve as a helpful financial indication. The use of ESG ratings into financial assessments and policy standards may also be appropriate (Giese, et al 2019).

2.2.2 ESG in Banks

Bătae, Dragomir, & Feleagă's (2020) comparison of ESG and financial performance data improves practice by highlighting which regions of Europe are home to the banks with the highest and lowest values of ESG and financial performance, audit fees, and conflicts. Consequently, the findings were intended to assist regulators, investors, legislators, bank managers, auditors, and others in recognizing the notable variations across Europe and implementing the necessary actions to increase the sustainability of banks. In the study Bătae, Dragomir, & Feleagă (2020), information on 108 European banks—81 in Developed Europe and twenty-seven in Emerging Europe—for the year 2018 was gathered from EuroVoc, World Bank statistics, and Thomson Reuters Eikon. (Dragomir, Feleagă, & Buchăe, 2020).

In addition to the aforementioned, Di Tommaso & Thornton (2020) investigated the potential impact of European banks' environmental, social, and governance (ESG) scores on their risk-taking practices and bank value. They discovered that, depending on the characteristics of the executive board, banks with high or low risk-taking tend to have minor reductions in risk-taking when their ESG scores are high. These results align with the "stakeholder" perspective on ESG initiatives. In line with the "overinvestment" theory of ESG, which holds that resources are taken away from investments, high ESG scores are likewise linked to a decline in bank value. Despite a good indirect relationship between ESG scores and bank value due to their influence on risk-taking, bank value is declining. According to the study's findings, there is a trade-off between lowering bank risk-taking and improving the stability of the financial system and bank value. (Thornton & Di Tommaso, 2020).

Furthermore, the association between environmental, social, and governance (ESG) activity and bank value were studied by Azmi, Hassan, Houston, & Karim (2021). During the years 2011–2017, 251 banks from forty-four emerging markets made up the sample they used. To account for endogeneity, they used the System Generalized Method of Moments (GMM) estimate technique. They discovered a nonlinear correlation between bank value and ESG activity. According to their research, bank value is positively impacted by even a small amount of ESG activity. However, the benefits of scale fade with time. Environmentally friendly activities have the largest effect on bank value.

They examine the relationship between ESG activities and bank value and find that it is positively correlated with both cash flows and efficiency. Therefore, the cost of stock is negatively impacted by ESG activity, but the cost of debt is unaffected. Our findings provide an explanation for why proponents of the trade-off and stakeholder theories have discovered evidence to bolster their hypotheses regarding the correlation between bank value and ESG practices. (Hossein, Houston, Karim, & Azmi, 2021).

2.2.3 The Investment Considerations

Mainstream investors have continued to consider companies with high ESG "scores" as unlikely to provide competitive shareholder returns, partly due to the results of earlier studies that demonstrated dismal returns from the social responsibility investing days of the 1990s. However, research from more recent eras indicates that businesses that have implemented substantial ESG strategies have really outperformed their rivals in several noteworthy areas. In addition to dispelling several other common misconceptions about this quickly expanding collection of ideas and practices, Kotsantonis, Pinney, & Serafeim (2016) corrected the record regarding the financial performance of sustainable investing. Companies committed to Environmental, Social, and Governance (ESG) are becoming more competitive in the labor, capital, and product markets. Investors' average returns from portfolios that include "material" ESG indicators have outperformed those of traditional portfolios at the same risk. Pinney, Kotsantonis, and Serafeim (2016).

Kotsantonis, Pinney, and Serafeim (2016) claim that the UNPRI signatories have simply pledged to upholding a set of guidelines for responsible investing, which is a far cry from incorporating ESG factors into their investment choices. Businesses that undertake significant sustainability projects and make them known to investors through integrated reports and other communications have also typically been successful in drawing in a disproportionately high proportion of long-term investors (Kotsantonis, 2016).

Furthermore, the importance of environmental, social, and governance (ESG) considerations in investment decision-making has increased, particularly for well-known institutional investors. As of 2019, there were an estimated $30 trillion worth of sustainable assets under management worldwide. Three arguments are put out as to why the excitement around ESG investing has been exaggerated. First, in the setting of a complex, integrated economy, it is unclear what exactly qualifies as an ESG investment. Second, outside of academic circles, there is insufficient recognition of the effect that a preference for ESG investments has on investment performance. Lastly, several prominent practitioners have asserted that the significance of ESG factors suggests that the corporate goal of maximizing shareholder profit, which forms the basis of a large portion of finance theory, is outdated and needs to be replaced by a more comprehensive stakeholder model. The conclusion is that both the benefits of the traditional model and the dangers of a broader stakeholder model have not be adequately appreciated (Cornell, 2020).

In 2020, Botsari and Lang offered testimony regarding the incorporation of environmental, social, and governance (ESG) factors and impact investment in the domains of venture capital (VC) and business angel (BA) investing. Their survey-based study's findings come from the corresponding questions in the 2019 EIF Business Angels (BA) Survey and EIF Venture Capital Survey. The combined results from the two polls are discussed in the article together with the respondents' ESG considerations. The ESG-related results are grouped around six primary themes:

-To what extent does ESG factor play a role in VC and BA investing?

- What encourages and discourages VCs and BAs from becoming involved in ESG?

- Which ESG investment techniques are most popular?

- How do venture capital firms apply ESG standards to their policies?

These results are in line with a study by Alford (2019) that suggested investors paying attention to environmental, social, and governance (ESG) factors have a lot of questions. Investors should decide whether ESG concerns are significant to them and how a portfolio should represent these issues, according to the author. While ESG considerations are best represented by clear, uncomplicated criteria (screens and/or tilts) for some strategies, they are essential to the investment process for other methods. Additionally, investors have several realistic implementation options. Is it better to evaluate a company based on its present ESG profile, or is the trend more significant? Is it better to analyse a company in isolation or in comparison to its counterparts in the industry? What about the approach, then?

Investors should also figure out how to keep an eye on any ESG approach over time to make sure it's working as it should. The author believes that developing an investment thesis for an ESG strategy is the largest obstacle that investors must overcome. Which environmental, social, and governance (ESG) aspects influence security prices now, and which could lead to outperformance? The article concludes by outlining some key distinctions between equities and fixed income strategies about ESG. (2019, Alford).

2.2.4 The significance of environmental and societal disclosures

According to Qiu, Shaukat, & Tharyan (2016), there are expenses associated with environmental and social disclosures; yet a growing number of large, publicly traded companies are providing higher-quality disclosures. Qiu et al. (2016) investigates the relationship between a company's profitability and market value and its social and environmental disclosures. The study discovered that present social disclosures are driven by prior profitability. Nonetheless, in line with the available data, there was no connection between environmental disclosures and financial success. Furthermore, even though environmental disclosure has received more attention in the past, investors are more interested in social disclosures, and companies with higher social disclosure levels are valued more highly on the market. Subsequent investigation shows that the greater projected growth rates in these organizations' cash flows are what drive this relationship. Most of the results support the voluntary disclosure hypothesis and the resource-based view of the firm, indicating that companies with more financial resources disclose more extensively, which results in net positive economic benefits. Shaukat, Tharyan, and Qiu (2016).

The data supporting the environmental disclosure score as a performance relevance indicator is supported by Saini & Singhania (2019). They believe that the environmental disclosure score demonstrates the strong and positive correlation with several performance metrics. The correlation between foreign ownership and environmental disclosure is negative, suggesting that foreign ownership prioritizes profit maximization over environmental conservation efforts. On the other hand, there is a positive correlation between economic performance and the social transparency score. However, the interaction term (Saini & Singhania, 2019) between foreign ownership and social disclosure showed a negative correlation.

The value relevance of corporate sustainability performance (CSP) has been examined from a variety of theoretical angles, according to Jadoon, Ali, Ayub, Tahir, & Mumtaz, (2021), with conflicting results. Consequently, it is essential to review the significance of corporate sustainability performance for investors. By examining the influence that the calibre of sustainability reporting has on corporate sustainability performance, this research investigates the value relevance of such performance. Using panel data from 247 companies, it looked at the top thirty green capital markets as determined by the Global Green Economy Index between 2012 and 2016.

The findings showed that the quality of sustainability reporting and corporate sustainability performance—achieved only through social, economic, and corporate governance dimensions—are valued by investors. Nevertheless, investors do not find the environmental aspect of CSP to be financially significant. Additionally, because investors view sustainability reporting as an alternative corporate governance mechanism, its quality is crucial to the corporate governance dimension's value relevance (Jadoon, Ali, Ayub, Tahir, & Mumtaz, 2021). Practitioners, regulators, and other stakeholders who wish to comprehend the significance of corporate sustainability performance and the calibre of sustainability reporting will find the findings beneficial.

Espahbodi, Espahbodi, Juma, & Westbrook (2019) investigated whether investors' short- and long-term stock price assessments and investment allocation are impacted by the incorporation of material environmental, social, and governance (ESG) concerns into company strategy through a sequential experiment. They consider the possible moderating influence of financial performance in their analysis. It is discovered that the incorporation of ESG priorities into strategy has no discernible impact on investors' evaluations of prices or allocation of investments. This holds true irrespective of the direction of the business's financial performance. The study's findings are applicable to a wide range of demographic groups, levels of investment experience, and knowledge. However, investors' long-term price evaluation and investment allocation are mediated by their view of the importance and veracity of material ESG information. In general, the results indicate.

2.2.5 Strategies in place to improve sustainable investment by banks.

Sustainable, responsible, and impact investing—the new SRI—offers a dynamic way to make investments in this quickly expanding field, according to Mahn (2016). To present a clear image of a company's operations and social and economic impact, this style of investing entails a constructive, proactive, and thorough examination of the business. This kind of investing takes corporate governance (CSG), social and environmental factors into account. Investors seeking to make investments through impact investing will seek out businesses or investment plans that offer both social and financial benefits. Put differently, today's investors want to feel good about the firms that they are purchasing stock in through their portfolios, both financially and morally. In the upcoming years, sustainable investment techniques will become increasingly important to the global investment sector. Mahn (2016).

A company that meets the criteria for a sustainable theme investment candidate has two levels. The business starts by creating goods or services to solve societal or environmental problems. One way to address a social concern could be to give a vulnerable group access to inexpensive housing. Encouraging the development of renewable energy technology is one way to address an environmental issue. Secondly, the organization implements measures to alleviate its effects on operations (CFA, 2017). An illustration of this would be if a business cut back on wastewater or energy use in its value-chain processes (Robinson, 2019).

2.3 Research Gap

The global financial crisis (GFC) demonstrated the unavoidable interconnectedness of the global economy and brought about significant changes in the corporate sector during the past few decades McCray (2002). There are hazards associated with injecting foreign direct investment into the host country, which affect the investor as well as the citizens of the country where the investment is being made. 2019 dangers associated with foreign direct investment (FDI) in Malawi include acts of aggression, nationalism, civilisation, violations of human rights, environmental degradation, discrimination, shifts in industry patterns, and political instability. Nonetheless, investors must be confident that their money is secure and covered.

Concerns among the many concerns that worry investors (banks) in a nation include rule of law, governance, accountability, human rights violations, equality, discrimination, and access to opportunities. This is since investments can have a big impact on the environment, the political landscape, the social fabric of the economy, and global value chains. Because of this, scholars are keen to examine how ESG disclosure affects financing and investment choices made by Zimbabwean banks. Reporting on a business's environmental, social, and governance performance is known as ESG disclosure. Researchers can assist investors in making better-informed and ethical investing decisions by comprehending the effects of ESG disclosure.

2.4 Summary

The chapter has provided the framework on which the research was conducted and provided in detail what other scholars wrote on the subject in question. This means that the variables, both dependent and independent in this study were made clear in this chapter, paved the way, and indicated the direction this study would take.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines the study's methodology by giving a transparent explanation of the steps taken to conduct the research and gather and analyze the data. A great lot of work was also devoted to identifying the ethical dilemmas that arose and outlining the researcher's approach to these sensitive areas of the study.

3.1 Research Philosophy

After using the rational choice institutionalisms approach's theory of planned behavior as a conceptual framework in the previous chapter, this study also uses a positivist approach that emphasizes a "deductive" methodology, which means that explanations and working hypotheses are derived from abstracted first principal assumptions about the motivations and actions of actors. Bates et al. (2015) state that rational choice institutionalisms adhere to a positivist approach that emphasizes on generating hypotheses from theories based on the principles of methodological individualism and testing them through the examination of bargaining and exchange relations in order to develop general theories that hold across time and space.

3.1.1 Positivism

Positivism, as defined by Meier (2005), is a philosophy that separates facts from values and seeks to maintain objectivity in analysis. As per Gall and Borg (2010), positivism is a perspective that holds that the sole aim of knowing is to depict the things that we come across. Positivism maintains that the social and physical realities exist independently of the observers. Through observations, scientific knowledge is derived from this reality. Determining the broad trends of a certain group is the main goal of this kind of investigation. The positivist epistemology is congruent with the use of mathematics to depict and analyse social reality.

3.2 Research approach

A researcher's overall plan of action for addressing their research issue is known as their research approach. The plan for research that directs the gathering and examination of data evidence in a way that enables the research questions to be addressed is known as the research methodology Bryman, (2004).

The researcher employed a hybrid technique (qualitative and quantitative research) for this study, which worked well for capturing the quantitative and qualitative features of sustainable investment and ESG disclosures in relation to the research question. Using a descriptive methodology, the researcher tried to describe the experiences of ESG disclosures. Owing to the qualitative character of the data being examined, the investigator opted for a more descriptive research design. It can be said that human experiences and reflections are the main emphasis of qualitative research (Lincoln & Guba, 1985). Qualitative research is multimethod in nature and approaches its subject matter via an interpretive, naturalistic lens. Accordingly, qualitative researchers investigate phenomena in their natural environments with the goal of explaining or interpreting occurrences in terms of the meanings that individuals assign to them. In qualitative research, a range of empirical materials that describe ordinary and troubling moments and meanings in people's lives are examined and collected. These materials include case studies, personal experiences, introspective, life stories, interviews, observational, historical, interactive, and visual texts. Lincoln & Denzin 2005:2).

Quantitative research design was employed in summarizing numerically responses to questionnaires using SPSS and Microsoft Excel. Quantitative research, Creswell (1994) defined quantitative research as a type of research that is `explaining phenomena by collecting statistically significant information from the research sample using sampling methods and surveys, questionnaires and other numerical data that are analysed using mathematically based methods. The researcher used mixed approach because mixed-method research can provide a more comprehensive understanding of a research question than either method could alone.

3.3 Research Design

In this study, a qualitative design was used. Research on social phenomena that occurs in the natural world and employs naturalistic and humanistic methodologies is known as qualitative research (Babbie 2013). Kothari (2007) asserts that the need for research design stems from the notion that it makes various research operations go more smoothly, maximizing research efficiency and producing the most information with the least amount of time, money, and effort. It offers a path for the researcher to follow when addressing their research issue and gathering, processing, and interpreting data. The study's objective was to give an accurate depiction of a situation as it occurs on the ground by focusing on the opinions of various department managers and using descriptive research and correlation surveys. According to Bush and Onmal (2000), the descriptive survey outlines the steps and techniques for gathering unprocessed data as well as data structures that characterize the current features. Furthermore, a descriptive survey can make use of both human experience and a variety of data sources (Johnson, 2014). According to Marshal and Rossman (2006), qualitative research is particularly useful for learning about culturally particular beliefs, experiences, behaviours, and values. The most appropriate and all-encompassing strategy for this study turned out to be the qualitative design since it is ideal for delving into participant experiences, ideas, and responses.

3.4 Research Population and Sampling

According to Ngechu (2004), a population is well defined as set of people, services elements and events, group of things or households that are being investigated. Also, Cohen et al. (2000) state that, population is a group of people who are subject to a piece of research. In research terms a population can be defined as the whole/ entire group that the researcher wants to draw conclusions about (Babbie 2013). In this research the researcher selected CBZ employees across the country and 80% (24 Participants) of the population were management employees and 20% (6 participants) were the general staff. A total population of thirty personnels which include finance manager, Main accountant, Bank stakeholders, Investment managers, the executive management, and general staff for CBZ were the target group for this study as they met foreordained characteristics to be able to answer the research questions.

3.4.1 Sample Size

Any study where the objective is to draw conclusions about the population from a sample must consider the sample size. A sample is a representation of a certain population, and it is valuable if it accurately reflects the population. A sample, according to Babbie (2013), is the selection of a subset of observations from the target population with the purpose of drawing conclusions about the wider collection. If the sample is typical of the population being studied, a sample survey can yield an accurate depiction of that population, according to Crawshaw & Chambers (2001).Purposive sampling was used by the researcher to maximize representation. A sample size of thirty research participants was selected in this study that is twenty-four heads of departments and six key informants, thus 80% of the questionnaires were allocated to management and the remaining 20% to general staff.

3.4.2 Purposive Sampling

A non-probability sampling technique known as "purposeful sampling" takes place when "elements selected for the sample are chosen by the judgment of the researcher." The researcher employed nonprobability sampling since the nature of the investigation necessitated identifying specific individuals based on study-relevant characteristics. The sample was selected with some common sense or ease, but care was taken to prevent bias and maintain the sample's representativeness. Despite not selecting the entire population, this method of sampling assisted in controlling a convenience sample. Thus, the strategy was helpful since it allowed the research to obtain data in the limited amount of time allotted for data collection during the study. As a result, it conserved time and money and guaranteed that the tools used for data gathering and analysis generated accurate and trustworthy results.

3.5 Research techniques

The following research tools were employed in this study to gather data:

3.5.1 Questionnaires

According to Oxford Dictionaries, a questionnaire is a set of written or printed questions with multiple choice answers created for a survey or statistical analysis. A questionnaire should always have a specific goal that is connected to the study objectives, and it should be made apparent from the beginning how the results will be applied. Both partially closed and closed-ended questions were utilized in the survey. A 5-point Likert scale (strongly disagree, disagree, neutral, agree, strongly agree) was also included in the questionnaire.

3.5.2 Justification of using a questionnaire

Because they provide a quick, effective, and affordable way to collect a lot of data from sizable sample sizes, questionnaires are a common tool in research. Measurements of subject behavior, preferences, intentions, attitudes, and views are especially well-suited for these instruments. While the researcher was not there, respondents had the chance to respond to the questions, which allowed them to express their opinions more freely without worrying about being judged. Additionally, the respondents were given freedom and anonymity by not being asked for their identities, which can result in the collection of more accurate and genuine data.

In addition to being a standard tool, a questionnaire also made it possible to ask the same questions of various respondents. This standardization made it possible to compare and extrapolate data collected from various respondents to other contexts. The researcher was operating under a very strict budget; therefore, it was fortunate that the questionnaire turned out to be less expensive than alternative instruments.

However, because the self-administration questionnaire had a low and slow response rate because of organizational regulations that forbid information sharing without senior officials' approval, the data collection procedure was slowed down.

3.5.3 Interviews

To guarantee that the respondents were open-minded and flexible in their responses, the researcher employed semi-structured interviews. Through additional probing of the respondents in the semi-structured interviews, the researcher was able to obtain comprehensive knowledge regarding the ESG disclosure at the bank. According to Patton (2002), interviews facilitate the organic flow of speech and the uncontrolled creation of questions. Because semi-structured interviews are flexible and include pre-formulated questions, the researcher was able to obtain high-quality data from research participants. A total number of five participants selected through purposive sampling were interviewed. The interviewees consisted of three current head of departments and one former manager of the CBZ bank.

3.5.4 Advantages of interviews

. Because the interviewee and the researcher were in the same room, speeches, misunderstandings, and mistakes could all be corrected during the process.

• The interview process yielded enough information because the interviewees allowed the researcher to delve deeper into some questions for clarification and additional information.

3.6 Research Ethics

Research designs and techniques are governed by a set of principles known as ethical considerations. When gathering information from subjects, scientists and researchers are always required to follow certain guidelines. You must thus be fully aware of the fundamentals of ethical research and how they may apply to your research topic. This is particularly crucial if your study includes communicating with companies or members of the public who take part in the study as respondents. Following the collection of data, prospective participants were informed about the purpose of the study, its goals and objectives, its advantages, and its expected outcomes by debriefing or disclosure ethics. The respondents were informed of their voluntary right to participate in the activity or not. Despite being acquainted with most of the respondents, the researcher tried to treat each one fairly, respectfully, and with dignity.

3.7 Validation of instruments

The validity and reliability of the research are influenced by the precision and dependability of the research instruments. When used regularly, tools are dependable if they produce the same results (Mogere, 2015). Questionnaires on respondents' understanding of sustainable investment, environmental, and social reporting that were within the framework of research objectives were included in several ways to establish content validity. To make sure that the questions are indicative of what respondents know about environmental and social accounting as well as sustainable investment, they were developed based on data acquired from the literature review. For ease of comprehension, the questions were written in straightforward terms, and the instructions provided to the respondents were unambiguous.

3.8 Data Collection methods

3.8.1 Primary data

For the purposes of this study, primary data was gathered using a self-administered questionnaire that the researcher personally delivered to the target population (banks). This allowed the researcher to speak with respondents and clarify issues, which allowed the data collection process to go more smoothly. The questionnaire included clear instructions, definitions, and a large number of partially closed questions that made it simpler for respondents to respond.

3.8.2 Secondary

Secondary data refers to information about a certain phenomenon that is easily obtainable through sources such as newspapers, journals, reports, and the internet. In order to gather secondary data, the researcher examined and analyzed materials from newspapers, journals, organizational reports, and earlier studies.

3.8.3 Data Analysis and presentation

Numerous methods of qualitative analysis were employed, such as coding and organizing the data in accordance with the study themes. To investigate the impact of environmental and social disclosure on financing and investment decisions made by banks in Zimbabwe, both qualitative and quantitative data was analysed.

Quantitative data was produced using pie charts, bar graphs, and demographic graphs using SPSS V20 and Microsoft Excel 2010.

3.8.4 Pilot testing

Piloting interviews is a crucial and beneficial phase in conducting qualitative research since it brings improvisation to the core study. Two financial organizations participated in a pilot interview to test the interview standards and discuss interview-related topics. In contrast to quantitative research, the primary instrument for gathering data in an interview is the researcher, and the interview's fundamental questions form its foundation.

3.9 Chapter summary

This section was written with intention of highlighting the research's methodology. This chapter provides definitions for the research topic, methodology, employed structures, and methods of assessment. Both the data collecting procedure and the analysis approach—which includes model definitions and data testing—are explained in this chapter. In general, this chapter outlines the kinds of studies that ought to be conducted and the kinds of data analyses that ought to be done in accordance with the fourth chapter.

CHAPTER IV

FINDINGS AND DISCUSSION

4.0 Introduction

Chapter 4 focuses on giving an in-depth explanation of research key findings obtained from the research process through research instruments like in-depth interviews and open-ended questionnaires. The chapter starts by showing the response rate, demographic characteristics of the respondents and actual findings or results. The chapter concluded by looking at discussions of the findings as well as the conclusion of the chapter. Using text, illustrative tables, and diagrams, the collected data has been presented and explained. The research questions, objectives, and topic served as the researcher's guides as they applied the theme analysis method to analyze the research findings.

4.1 Demographic Data Presentation

The demographic information gathered from 30 CBZ employees—both management and non-managerial—is presented in the first section of the chapter. The purpose of the research was to determine how investment decisions are affected by disclosures about environmental, social, and governance issues.

4.2 Response rate

External factors were the reason why the response rate did not live up to the researcher's expectations. These variables include commitments to learning and development, welfare considerations, and flexible work schedules such as shift work. They also include initiatives for teleworking. Response rate for CBZ’s top management, middle management, non-managerial employees, is shown below-

Table 1

Category	**Target responses**	**Actual responses**	**Variance**	**Response rate (%)**
Bank General Manager	5	3	2	60%
Investment Manager	5	5	0	100%
Financial Advisor	5	4	1	80%
Main Accountant	5	5	0	100%
Bank Stakeholder	5	5	0	100%
General Bank Accountants	5	5	0	100%
Total	**30**	**27**		**90%**

Source: Field Research 2023

4.2.1 Demographic characteristics

All 30 respondents' demographic details are displayed in the table below. The investigator employed many demographic attributes, such as age distribution, gender, level of education, and duration of employment (experience).

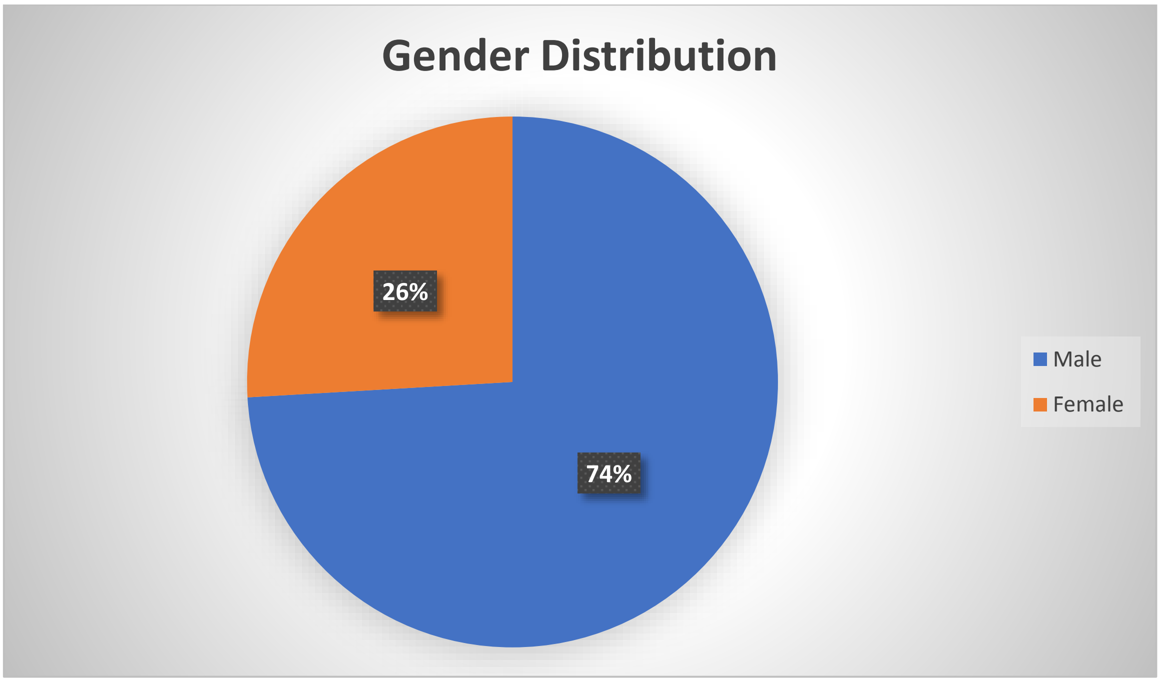
CAT.EGORY	**SEX**		**AGE**						**LENGTH OF SERVICE**					**HIGHEST QUALIFICATIONS**				
	Male	**Female**	**20-29**	**30-39**	**40-49**	**50-59**	**60-69**	**70 +**	**0-5**	**6-10**	**11-15**	**16-20**	**21 +**	**Certificate**	**Diploma**	**Undergrad**	**Masters**	**PHD**
Bank General Manager	**3**	**0**	**0**	**0**	**1**	**3**	**1**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**0**
Investment Manager	**5**	**0**	**0**	**0**	**3**	**2**	**0**	**0**	**0**	**3**	**2**	**0**	**0**	**0**	**0**	**2**	**3**	**0**
Financial Advisor	**3**	**1**		**0**	**2**	**1**	**1**	**0**	**1**	**2**	**2**	**0**	**0**	**0**	**1**	**3**	**0**	**0**

Main Accountant	**3**	**2**	**1**	**2**	**1**	**1**	**0**	**0**	**2**	**1**	**1**	**1**	**1**	**0**	**0**	**4**	**1**	**0**
Bank Stakeholder	**3**	**2**	**0**	**0**	**1**	**3**	**1**	**0**	**1**	**1**	**2**	**1**	**0**	**0**	**1**	**2**	**2**	**0**
General Bank Accountants	**3**	**2**	**0**	**1**	**2**	**1**	**1**	**0**	**1**	**1**	**3**	**0**	**0**	**0**	**0**	**2**	**3**	**0**
Total	**20**	**7**	**1**	**3**	**10**	**11**	**4**	**0**	**6**	**9**	**10**	**2**	**1**	**0**	**2**	**13**	**12**	**0**
Grand Total	**27**		**27**						**27**					**27**				

Source: Field Research 2023

4.2.2 Gender

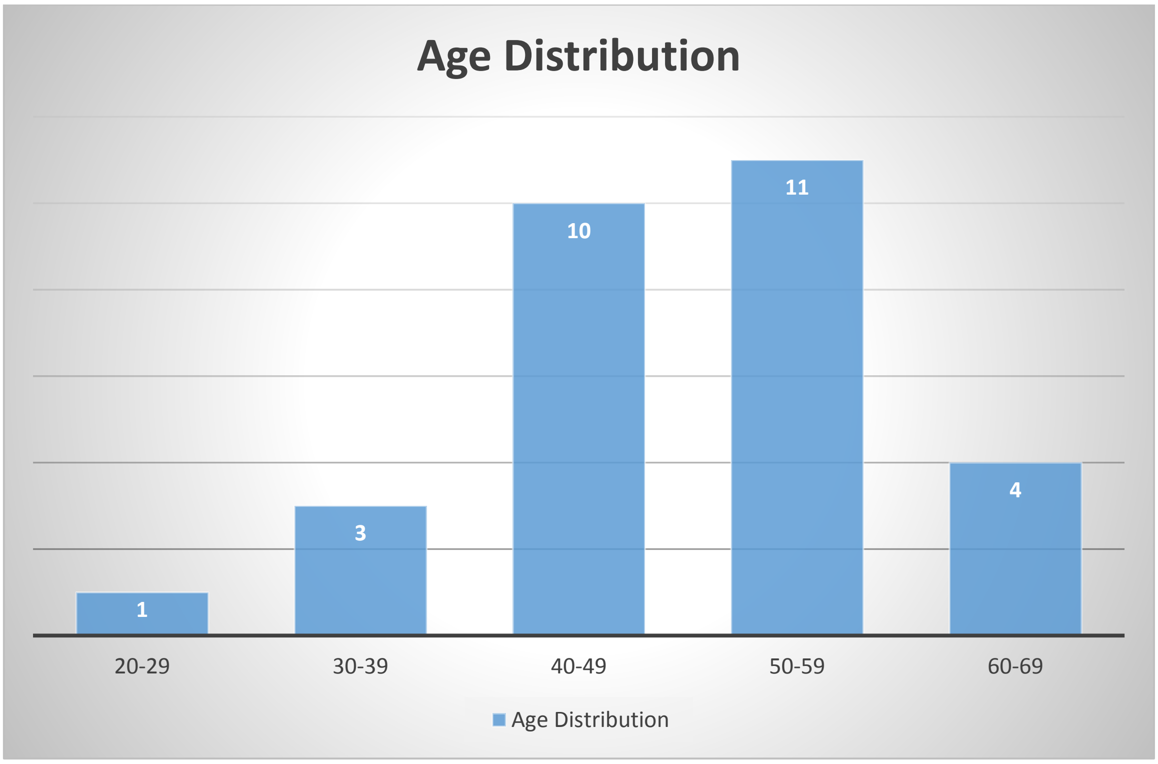
Among the responders, 26% were women, according to the data gathered, and 76% were men. This demonstrated the unequal distribution of gender in the banking industry as the most of bank managers were men and very few were women. However, this finding did not in any way influence the results since the objectives were divorced from the gender aspect among the respondents who in the case were employees at CBZ.



Source: Field Research 2023

4.2.3 Age profile

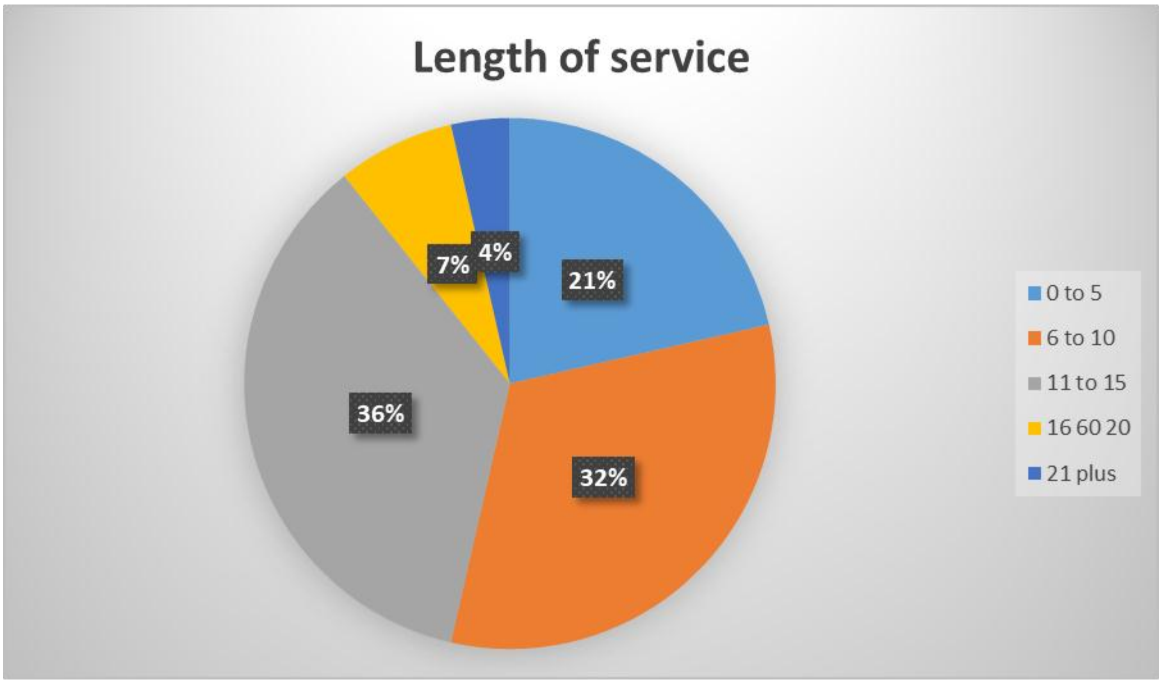
The data collected showed that the respondents were from the age range of 20 up to 69. Thus, among the 30 respondents, 1 was of the age range 20-29. This shows that there weren't many youths in the management of the financial institution in question. This was followed by the 3 respondents who were 30 to 39. The age range was regarded as being among the youths. This also shows that the bank management was determined by the age that the employee had. The evidence is in the range 40 to 49 with 10 respondents and the age range of 50 to 59 which had 11 employees in the management. The age range of 60 to 69 had 4 respondents. This did not affect the results or any outcome.



Source: Field Research 2023

4.2.4 Length of service

The data showed that on experience, the respondents with o to 5 years made up to 21%, the range 6 to 10 years' experience was 32% which in this case was only below 36% which was 11 to 15 years. 4% was 21 years and above.



4.3 Findings

4.3.1 To find out the financial institutions investment considerations when deciding to fund projects in Zimbabwe.

Table 2

Considerations.	Respondents Rating	SA	A	N	D	SD
Customer Service and Communication	%	80	20			

Reputation and Stability	%	100				
Regulatory Compliance	%	80	20			
Risk Management and Financial Health	%	100				
Risk-adjusted returns	%	70	30			
Fees and Charges	%	60	10	30		
Account Security	%	80	20			
Exit Strategies and Liquidity	%	100				

Eighty percent of the respondents firmly agreed that communication and customer service were crucial factors to consider before funding a project. Kosenko (2018) provided evidence for this, stating that a pleasant investment experience is dependent on providing exceptional customer service. Assess the financial institution's professionalism, responsiveness, and communication strategies. It is critical to communicate updates on the market, transactions, and your account or investments in a clear and timely manner. Examine testimonials and reviews from past clients to learn about other investors' experiences with the institution's customer support. Proactively managing your investments, immediately resolving issues, and addressing complaints can all be aided by a responsive and client-focused strategy.

When choosing to support a project, 100% of the respondent's mentioned reputation and stability as important factors to consider. Therefore, it is necessary to evaluate the stability and reputation of the financial institution. Examine its background, how long it has been on the market, and any noteworthy successes or conflicts. According to Bierman and Smidt (2012), investing in a respected and well-established institution is typically regarded as a safer option.

Regulatory compliance was also noteworthy, as indicated by the fact that 80% of respondents strongly agreed and the remaining 20% agreed that it is an important factor to consider when funding a project. Therefore, it is imperative to confirm that the establishment complies with pertinent financial legislation and is overseen by a regulatory body. Regulatory supervision guarantees that the organization complies with legal and industry norms while also providing an extra layer of protection (Kosenko, 2018).

A hundred percent of the participants acknowledged the significance of risk management and financial well-being. Therefore, evaluating the risk management procedures and general financial health of a financial institution is crucial. An organization with sound financial standing is better able to withstand economic downturns, which lowers the possibility of investment losses. Furthermore, confirm if the financial institution is providing investment options in line with your tolerance for risk.

Thirty percent of respondents and seventy percent strongly agreed that risk-adjusted returns should be considered equally. To make sure you are getting a good deal and that the returns are sufficient to offset the level of risk being taken, it is necessary to compare rates and returns offered by various institutions. Consider evaluating both the credit quality of the bonds being issued and the quality of collaterals being supplied on repurchase agreements.

Ten percent of respondents were neutral, even though sixty percent of respondents strongly approved, and thirty percent agreed with fees and charges. Thus, to maximize your returns, it is essential to comprehend the price structure linked to an institution's services. Fee schedules for transactions, advice services, and account maintenance differ throughout financial institutions. Think about how these expenses will affect the performance of your investments. To prevent needless fees from eating up a sizable chunk of your earnings, pick institutions with competitive rates and transparent fee structures (Weber, Staub-Bisang, & Alfen, 2016).

Account security is important, as agreed upon by 80% of respondents. Twenty percent of respondents agreed that this was important. Therefore, while working with financial institutions, security is crucial. Verify that the organization has strong security procedures in place to preserve your assets and your personal and financial information. The general security of your accounts is enhanced by features including data encryption, user access permissions, and restrictions (Lam, & Yang, 2020).

All responders (100%) emphasized the significance of leaving Liquidity and Strategy: Recognize the policies of the institution about investment liquidity and withdrawals. There may be limitations or penalties associated with early withdrawals from some investment products. Furthermore, many investments might not have access to active secondary markets, making them "buy and hold-to-maturity" investments. Effective financial planning requires that you are aware of the terms and conditions around the use of your cash.

4.3.2 To identify motivations leading to social & environmental disclosures by banks.

Motivations.	Respondents Rating	SA	A	N	D	SD
Engage with stakeholders.	%	100				
Investor confidence	%	80	20			
Gaining social legitimacy	%	70	30			

Public awareness	%	60	40				
Demonstrate a commitment to responsible business practices.	%	100					
Enhances the mutual trust	%	100					

One hundred percent of respondents strongly agreed that one of the factor's motivating disclosures is the desire to engage with stakeholders. Together with 20% of respondents, 80% strongly agreed that investor confidence was an excessively powerful motivator. When 70% of respondents strongly agreed and 30% agreed that gaining legitimacy was a motivation, it was also regarded as a motivation. Sixty percent of the respondents identified public awareness as a key motivator, while all respondents considered the need to show a commitment to ethical business practices and the development of mutual trust to be significant motivators. These results corroborate other studies that claimed CSR is a dynamic and socially created concept shaped by national contextual factors such as social, political, and cultural aspects (Gunawan, 2015).

The findings also support earlier findings by Ali, & Frynas, (2018) who found out that corporate governance, owners and shareholders, environmental policies and concerns of the organization, and company characteristics are among the internal elements that have been identified to impact CSR disclosure in developing nations. The following company attributes influence CSR disclosure: industry sensitivity, financial performance, and business size. A company's public or social visibility is influenced by its size, profitability, and environmental sensitivity. A highly visible firm may face pressure from a variety of stakeholders, such as the government, non-governmental groups, and the media, to operate in a socially and ecologically responsible manner. A socially visible corporation, according to study, exposes

CSR information to indicate congruence between corporate actions and the norms entrenched in the environment in which the firm operates, thereby gaining recognition as a genuine organization.

4.3.3 To evaluate the significance of environmental and societal disclosures on investing decisions.

The researcher went on to interview respondents on the significance of environmental and societal disclosures on investing decisions and responses were noted per respondent as noted below-

Respondent 1-

‘Businesses can be inspired to innovate and create fresh approaches that lessen their environmental impact by disclosing environmental information. This may result in the creation of new, more efficient, and sustainable products, procedures, and technology.’

Respondents 2-

It is assumed that the cost of financing would eventually change because of the disclosure of ESG elements, rising for non-sustainable enterprises and falling for sustainable ones. Growth rates, company valuations, and cash flow estimates may also be impacted.

Respondent 3-

Substituting social and environmental disclosures for one another reduces the informational gap between managers and stock market participants. Reduced bid-ask spread and share price volatility serve as indicators of this.

4.4 Chapter Summary

In Chapter Four, the data was thoroughly examined and the linkages between environmental, social, and governance disclosure and investment decisions were analyzed by statistical analysis. The subsequent chapters addressed the interpretation of these findings in further detail and offered implications, recommendations, and avenues for future research.

CHAPTER V

Summary of findings, conclusion, and recommendations

5.1 Introduction

This chapter serves as a thorough overview of the entire study, providing financial institutions with a high-level understanding of the main findings and recommendations. It distills the core of the study, emphasizing the important findings, conclusions, recommendations, and research summary.

5.2 Summary of the research

The purpose of the study was to examine how investing decisions at CBZ Bank in Zimbabwe were affected by ESG disclosure. A wide range of concerns are on the minds of investors (banks), including accountability, rule of law, governance, human rights violations, equality, discrimination, and access to opportunities. A complex interaction of financial, societal, and market-based elements served as the driving force for this study. As the ESG landscape continues to evolve, understanding the ESG disclosure is crucial for investors to make informed decisions and navigate the changing market dynamics. In this research literature was consulted and several writers have written on this topic experts like Robert Monks raised critical questions about the social dimensions of ESG and advocate for investing in companies that promote equity and justice. The study highlights the need for accurate and trustworthy ESG disclosure to ensure responsible investment practices, drawing on the ideas of several authors, including Naomi Klein and Mahn (2016), from the literature review. It also highlights the importance of investors playing a role in advancing social justice and good governance, as well as the urgency of addressing environmental challenges.

Focusing on CBZ Bank, the research targeted 30 employees, prioritizing management personnel (80%). Purposive sampling ensured that participants possessed the necessary knowledge to provide insightful answers. Questionnaires were tailored to ESG awareness and sustainable investment practices were employed, while in-depth interviews with five key individuals, including HODs and a former manager, enriched the data collection. This study examined the impact of ESG disclosure on investment decisions at CBZ Bank, highlighting its importance in navigating the evolving financial landscape and promoting responsible investment practices.

5.3 Summary of major findings

The research was aimed at uncovering the impact of ESG disclosure on investment decisions of CBZ bank in Zimbabwe. The research looked at factors considered in making investment decisions by financial institutions in Zimbabwe and the strategies promoting sustainable investments. The major findings which were drawn from the study are as follows:

- According to experience of respondents the researcher found out that investment decisions are mostly influenced by the availability of collateral security.

- A positive relationship exists between secondary data review and primary data on the use of stock exchange as the second-best strategy to promote sustainable investments.
- ESG disclosures were found to be affecting investment decisions of banks in Zimbabwe, but there was no positive relationship between ESG and investment decisions.
- ESG disclosure alone does not have significant influence on investment decisions of most banks in Zimbabwe, however its more effective combined with other factors.
- Corporate reputation and brand building and investors request for disclosure were the major drivers behind ESG disclosure.
- While all respondents demonstrate a commitment to ethical business practices and the growth of mutual trust as essential motivators, sixty percent of respondents named public awareness as a crucial motivator. These findings support earlier research that suggested ESG is a dynamic and socially constructed notion influenced by social, political, and cultural elements within a country's context (Gunawan, 2015).

5.4 Conclusion of the research

These conclusions were reached by the researcher after doing a thorough search and analysing primary and empirical data that supported the goals of the study.

- Most of the respondents strongly agreed that ESG disclosure have an impact on investment and financing decisions. Considering this view, the researcher concluded that banks need to make ESG disclosures mandatory in making credit and investments evaluations.

- The study's findings led the researcher to the conclusion that a localized policy on sustainable investing and ESG disclosures is required.
- The researcher also concludes that local financial institutions have been placing little attention on sustainable .

5.5 Recommendations

The study recommended that-

5.5.1 Banks

Banks need to embrace Environmental disclosures in Corporate Social Responsibility (CSR) reports to boost openness, foster confidence, spur internal development, and draw in investors and customers who care about the environment.

5.5.2 Policy makers

- The Central bank (RBZ) should continuously push integration of ESG issues into the Zimbabwean financial sector through seminars, workshops, and bulletins on sustainable investment practices.
- The government and the international bodies should produce initiatives to redraft and refocus the current banking regulations to incorporate sustainability issues.

5.5.3 Further Research

Future research needs to look at the following-

a. How can financial institutions improve their environmental disclosures?
b. What policies can be put in place to help financial institutions improve environmental disclosures?

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Questionnaire

To whom it may concern

My name is Shoniwa Tafadzwa a student from Great Zimbabwe University studying towards a Master of Professional Accounting and corporate governance. I am undertaking research titled **Impact of Environmental, Social and Governance disclosures on investment decisions: A case of CBZ banks.** You are kindly asked to complete the following questionnaire. The researcher understands much of the information is confidential and is a competing tool among institutions. The information you provide is purely for academic purposes only, thus it will be viewed as highly confidential and hence will be treated as such. Accordingly, do not disclose your identity in anyway.

The researchers details on 0782469155 OR shoniwataa@gmail.com

INSTRUCTIONS

- Do not write your name on any page of this questionnaire.
- Please [tick] your response where applicable

Key: **S.A-**Strongly Agree **N-**Neutral **SD – Strongly Disagree**

A-Agree **D.A-**Disagree

Questionnaire and interview guide- ESG

Section A- Demographical Details

1. Sex: Male ☐ Female ☐

2. Age: 19- 30 years ☐ 31-40years ☐ 41-50years ☐ 51-60years ☐

3. Level of Education – Please tick in the appropriate box.

High School	
Certificate	
Honors Degree	
Masters	
PhD	
Other	

4. Position At work

Bank General Manager	
Investment Manager	
Financial Advisor	
Main Accountant	
Bank Stakeholder	
General Bank Accountants	

Section B.

Objective 1:

To find out the financial institutions investment considerations when deciding to fund projects in Zimbabwe. – why who what when

1) **Considerations**	**SA**	**A**	**N**	**D**	**SA**
a) Return on Investment					
b) Cost					
c) Time to goals					
d) Tax Considerations					
e) Liquidity					
2) Your bank reports on environmental, social and governance issues.					
3)Sustainability reporting should be mandatory.					
4) Environmental, social and governance disclosure by your institution is guided by the following:					
(a) IAS					
(b) IFRS					
(c) GRI					
(d) King III					

Objective 2: To identify motivations leading to social & environmental disclosures by banks.

1) Motivations	**SA**	**A**	**N**	**D**	**SA**
a) Improve their corporate reputation.					
b) Improve their financial performance.					
c) Access investment opportunities.					
d) Manage key stakeholders.					
2) Does your bank update its social and environmental disclosures frequently?					
3) The bank discloses ESG to attract more investors					
4. Currently banks consider the following when deciding to fund a project/ a company:					
(a) Bankable business plan					
(b) Availability of collateral					
(c)Ability to repay loans					
(d) Environmental, social and governance disclosures					

Objective 3: To evaluate the significance of environmental and societal disclosures on investing decisions.

1) Significance	**SA**	**A**	**N**	**D**	**SA**

a) Protect and improve your company's reputation					
b) Encourage businesses to innovate.					
c) Develop new solutions that reduce their environmental impact.					
d) Obtaining legitimacy from the community.					
e) Complying with the government regulations.					
f) Maintaining the sustainability of the company in the long term.					
2) Environmental, Social & Governance disclosure is important to you as a financier an investor.					
3) Environmental, Social & Governance disclosure by your bank is well taken by the stakeholders.					
4) Environmental, Social & Governance disclosure is key in sustainable investment					

Objective 4: To explore strategies in place to improve sustainable investment by banks.

1) Strategies	**SA**	**A**	**N**	**D**	**SA**
a) Negative Screening					
b) Positive Screening					
c) Portfolio Tilt					
d) ESG Integration					
e) Shareholder Action					
f) Activist Investing					
e) Sustainability-Themed Investing					

2) They are strategies in place to promote sustainable investment.					
3) Does your bank have a formal policy or framework for sustainable investment.					
4)The following can encourage sustainable investment in Zimbabwe:					
(a) A well clearly written policy					
(b) Mandatory environmental and social disclosures					
(c) Listing requirements of the ZSE					