

THE IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE IN THE ZIMBABWEAN MANUFACTURING SECTOR

Abstract

Corporate governance studies in Zimbabwe have concentrated on existence of frameworks that control firms. This study focused on the corporate governance factors that are associated with firm performance in the Zimbabwean manufacturing sector. We investigated a sample of 88 companies which were operating at least 80% capacity from 2009 to 2012. Using Return on Assetst (ROA) as a measure of performance and the dependent variable, and 14 corporate governance proxies encompassing board structure, board composition and board procedures as the independent variables, a bivariate and multivariate regression analysis was performed. The results indicated that shareholder concentration, proportion of independent directors, board tenure and access to financial statements are positive and significant to firm performance in the bivariate analysis. On the multivariate regression analysis however, independent directors was positive but not significant. Researchers have not been able to agree on these factors and since corporate governance is largely endogenously determined it can be concluded that factors are influenced by country effects. Thus further studies focusing on similar countries need to be undertaken.