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Reframing Board Responsibilities in Artificial Intelligence -Driven Financial Reporting in Zimbabwe: Towards A Digital Fiduciary Duty for Directors

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Abstract: This paper explores the transformative impact of artificial intelligence (AI) on financial reporting processes in Zimbabwe and the consequent redefinition of board responsibilities. As AI technologies become increasingly integrated into financial systems, traditional fiduciary duties such as oversight, accuracy, and transparency must be adapted to address new challenges related to data integrity, algorithmic bias, cybersecurity, and ethical governance. The study critically examines the limitations of existing legal and regulatory frameworks in Zimbabwe concerning AI oversight and proposes the concept of a "Digital Fiduciary Duty" for corporate directors. Drawing insights from international best practices and comparable jurisdictions, the paper advocates for a comprehensive reimagining of board responsibilities that emphasizes active engagement with AI systems, continuous monitoring, and risk management in automated financial reporting. It emphasizes the importance of developing specialized competencies among directors, implementing robust governance structures, and fostering a culture of accountability and ethical AI use. Ultimately, the research aims to provide a strategic blueprint for Zimbabwean companies to navigate the complexities of AI-driven financial disclosures, ensuring enhanced transparency, stakeholder trust, and compliance within a rapidly evolving digital landscape.

Keywords: Artificial Intelligence (AI), Financial Reporting, Digital Fiduciary

INTRODUCTION AND BACKGROUND

The rapid proliferation of digital technologies, particularly artificial intelligence (AI), has begun to reshape corporate governance frameworks globally. AI systems are increasingly integrated into financial reporting processes, automating tasks such as revenue recognition, impairment assessments, fraud detection, and financial forecasting. These innovations promise enhanced efficiency, real-time data analysis, and improved predictive capabilities, which can significantly bolster the transparency and reliability of financial disclosures (Chitokwindo *et al.*, 2023). However, alongside these benefits, the adoption of AI introduces complex governance challenges that traditional fiduciary duties and the legal frameworks underpinning them are ill-equipped to address.

In Zimbabwe, the integration of AI into financial reporting remains nascent but is poised to become a critical component of modern corporate operations. The existing legal framework, primarily outlined in the Companies and Other Business Entities Act [Chapter 24:31] (COBE Act), codifies directors' duties as including acting in good faith, exercising reasonable care, skill, and diligence, and pursuing proper corporate purposes (Mhlanga, 2020). These duties, rooted in classical doctrines of fiduciary responsibility, were developed within a context where decision-making was predominantly human-centric, and transparency was largely dependent on human oversight. As AI systems take on roles that influence material financial information sometimes operating as "black boxes" with opaque decision-making processes these traditional standards become increasingly inadequate (Kuipa, 2019).

One of the core challenges posed by AI is algorithmic opacity many AI models, especially those employing deep learning, lack explainability, making it difficult for directors to scrutinize the rationale behind automated outputs (Giron *et al.*, 2022). Coupled with vulnerabilities such as data bias, cybersecurity threats, and the potential for automation bias where decision-makers overly rely on AI recommendations these issues threaten the integrity of financial reports and undermine stakeholder trust (Hofisi, 2023). Moreover, the diffusion of accountability across developers, management, auditors and boards exacerbates the governance dilemma, risking regulatory non-compliance and financial misstatements.

Globally, regulators and courts are beginning to recognize these emerging risks. The European Union's proposed Artificial Intelligence Act emphasizes a risk-

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based approach, mandating rigorous oversight and transparency for high-risk AI applications, including those used in financial contexts (Giron *et al.*, 2022). Similarly, U.S. courts, especially in Delaware, have underscored the importance of diligent oversight through landmark rulings such as in re Caremark International Inc. Derivative Litigation, which establishes that directors can be held liable for failure to monitor and oversee corporate systems (Giron *et al.*, 2022). These developments signal a paradigm shift towards accountability frameworks that explicitly incorporate technological oversight.

However, Zimbabwe's legal and regulatory environment lags behind in establishing explicit standards for AI governance. The current statutes do not specify directors' responsibilities concerning oversight of AI or automated decision-making systems, leaving a significant governance gap. This lacuna creates a risk of inconsistent practices, regulatory sanctions, and diminished investor confidence, especially as the country seeks to leverage AI to improve financial transparency, economic growth, and financial inclusion.

Given Zimbabwe's economic challenges including hyperinflation, currency instability, and infrastructural deficits the necessity for robust, technology-aware governance systems becomes even more critical. As smallholder farmers, financial institutions, and government agencies increasingly adopt AI-enabled financial tools, the need for clear legal duties that compel directors to exercise informed oversight is urgent. This paper argues that the concept of a 'Digital Fiduciary Duty' a normative obligation requiring directors to critically evaluate and oversee AI systems can fill this governance void. Establishing such a duty would align Zimbabwe's fiduciary standards with international best practices and ensure that AI's deployment in financial reporting promotes transparency, accountability, and sustainable development.

In essence, this study aims to explore how Zimbabwe can reform its legal framework to integrate AI-specific oversight duties within the fiduciary obligations of directors, thereby safeguarding financial integrity and stakeholder confidence in the digital age.

Objectives

There are three objectives that the study is expecting to achieve through this study:

- To ascertain limitations of Existing Legal and Regulatory Frameworks
- To analyze how artificial intelligence technologies are transforming the processes of financial disclosure and reporting within Zimbabwean companies.
- To suggest best practices, competencies and governance structures necessary for boards to effectively oversee AI systems in financial reporting.

LITERATURE REVIEW

Theoretical framework

This study can be effectively framed by several relevant theories that address corporate governance, technological oversight, and legal responsibilities. The most pertinent include:

Agency Theory

Agency theory is foundational to understanding the dynamics of corporate governance, particularly the relationship between principals such as shareholders and agents, including managers and directors who act on their behalf (Jensen & Meckling, 1976). The core concern of agency theory is the potential divergence of interests between principals and agents, which can lead to issues such as moral hazard, information asymmetry, and misaligned incentives. Directors, as agents, are entrusted with fiduciary duties to act in the best interests of shareholders, ensuring transparency, accountability, and accurate financial reporting. In the context of AI integration into financial reporting, agency theory underscores the critical role of directors in exercising diligent oversight of automated systems that influence material financial disclosures. Automated AI systems, especially those employing complex algorithms like deep learning, can obscure decisionmaking processes, increasing the risk of errors or manipulation that could harm shareholders and stakeholders (Giron *et al.*, 2022). Therefore, agency theory justifies the need for enhanced monitoring responsibilities, including understanding AI systems' functioning, validating their outputs, and ensuring compliance with regulatory standards. Modern applications of agency theory in AI contexts include studies by Li and Lin (2021), which examine how AI-driven audit tools influence auditor independence and oversight, and by Chen *et al.* (2022), who analyze how AI governance mitigates agency costs in financial institutions.

Stewardship Theory

Contrasting with agency theory, stewardship theory posits that managers and directors are inherently motivated to act in the best interests of the organization and its stakeholders, driven by a sense of responsibility, trust, and intrinsic motivation (Davis, Schoorman, & Donaldson, 1997). This perspective emphasizes that effective governance is rooted in the assumption that directors are stewards whose primary goal is organizational success and stakeholder value. In relation to AI governance, stewardship theory advocates for directors to proactively engage with AI systems, viewing oversight not merely as a legal obligation but as a moral duty to uphold organizational integrity. It promotes the idea that directors should develop a technological understanding, fostering an environment where AI systems are aligned with ethical standards and organizational objectives. Contemporary literature supports this view; for instance, Sharma and Sood (2020) highlight how stewardship principles can drive responsible AI adoption by corporate boards,

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emphasizing trust and ethical oversight. In today's complex digital environment, stewardship theory encourages directors to embrace technological literacy as part of their strategic oversight, ensuring that AI tools enhance transparency and stakeholder confidence rather than undermine it.

Limitations of Existing Legal and Regulatory Frameworks

Globally, many countries have recognized the need to adapt their legal and regulatory frameworks to address the challenges posed by emerging technologies like artificial intelligence (AI). For instance, the European Union's proposed AI Act aims to establish a comprehensive regulatory framework to ensure AI systems are safe, transparent, and accountable (European Commission, 2021). Similarly, the United States has emphasized sector-specific regulations, such as the SEC's guidance on the use of AI in financial markets, highlighting issues of transparency, bias, and accountability (SEC, 2022). In the United Kingdom, regulators like the Financial Conduct Authority (FCA) have underscored the importance of robust governance and risk management for AI applications in finance (FCA, 2020). However, these frameworks often face limitations such as lagging behind rapid technological developments, lack of specific provisions for AI decisionmaking processes, and challenges in enforcement and compliance. In Africa, and Zimbabwe specifically, legal frameworks remain nascent and largely reactive. Zimbabwe's existing financial and corporate laws, including the Companies Act and the Securities and Exchange Commission regulations, provide limited guidance on AI oversight, often lacking clear standards for transparency, accountability, and ethical use of AI in financial reporting (Zimbabwean Ministry of Finance, 2020). This regulatory gap exposes Zimbabwean companies to risks of misreporting and fraud, underscoring the urgent need for reform and the development of specialized AI governance standards aligned with international best practices.

Transformation of Financial Disclosure and Reporting

Artificial intelligence technologies are significantly transforming financial disclosure and reporting processes across the globe, including in Zimbabwe. AI-driven tools such as machine learning algorithms, natural language processing (NLP), and robotic process automation (RPA) have enhanced the efficiency, accuracy, and timeliness of financial data processing (Brynjolfsson & McAfee, 2017). In Zimbabwean companies, AI facilitates real-time financial analysis, anomaly detection, and automated report generation, reducing the dependency on manual processes prone to error and bias (Mushore & Nyamunda, 2022). For example, NLP applications allow for automated analysis of financial statements, providing insights that support faster decision-making and improved transparency for stakeholders. Moreover, AI systems can identify potential financial irregularities, thus improving audit quality and compliance (Krauss *et al.*, 2017). Despite these advancements, the adoption of AI in Zimbabwe remains limited by infrastructural challenges, lack of technical expertise, and regulatory uncertainties. Nonetheless, emerging case studies indicate that AI has the potential to revolutionize financial reporting in Zimbabwe by making processes more efficient, reliable, and aligned with global standards, provided that appropriate governance and oversight mechanisms are established.

Best Practices, Competencies and Governance Structures

To effectively oversee AI systems in financial reporting, boards must adopt best practices that include developing technological competencies, establishing clear governance frameworks, and fostering a culture of ethical AI use. Literature suggests that board members should acquire or access specialized training in AI, data analytics, and cybersecurity to understand system capabilities and risks (Huang *et al.*, 2020). Additionally, implementing dedicated AI oversight committees or integrating AI governance into existing risk management structures can enhance accountability and strategic oversight (European Banking Authority, 2021). Best practices also emphasize transparency, including documenting AI decision-making processes and establishing audit trails for accountability (Arner *et al.*, 2017). In Zimbabwe, this entails developing tailored governance frameworks that incorporate local legal requirements, technological capacity building, and stakeholder engagement. Furthermore, integrating ethical considerations, such as fairness, privacy, and bias mitigation, is essential for responsible AI oversight (Floridi *et al.*, 2018). Building these competencies and structures will enable Zimbabwean boards to leverage AI effectively while managing associated risks, ensuring financial integrity and stakeholder trust.

RESEARCH METHODOLOGY

This study employed a systematic literature review design, which, as described by Bosch (2019), aims to synthesize existing knowledge on a topic in a clear, concise, and replicable manner. Systematic literature review is suitable for understanding existing conditions, such as the influence of AI on financial reporting and the regulatory landscape within Zimbabwean companies, without the need for primary data collection. This approach was specifically chosen in response to supervisor feedback requesting the use of secondary sources rather than primary questionnaires and interviews.

The target literature universe consisted of peer-reviewed articles, regulatory documents, and legal texts addressing AI governance in financial reporting, with a specific focus on Zimbabwe and comparable jurisdictions. To ensure comprehensive coverage, a systematic search was conducted across four electronic

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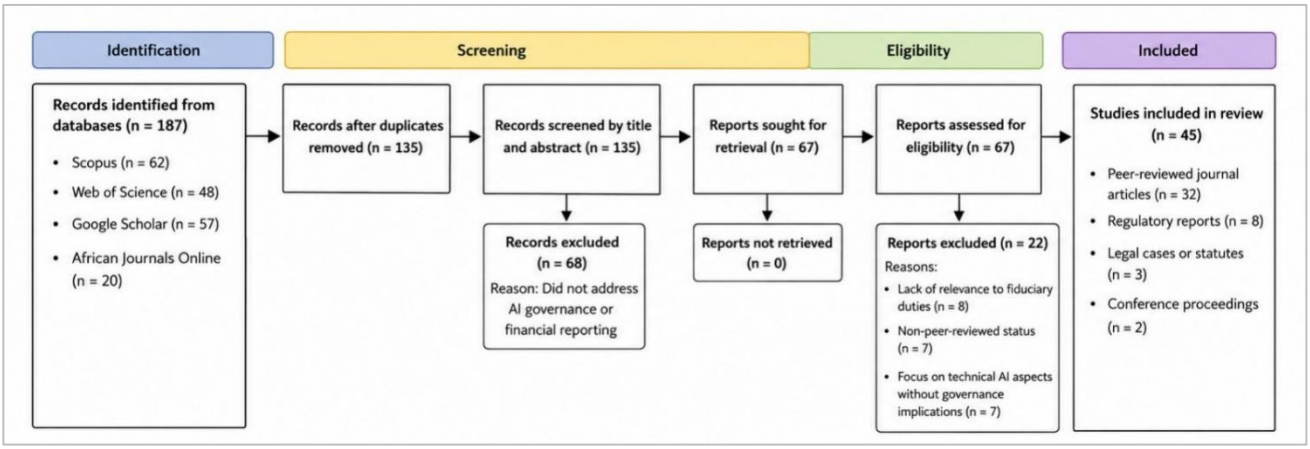
databases: Scopus, Web of Science, Google Scholar, and African Journals Online. The search was conducted between January and February 2026 using the search terms previously described.

The search process yielded an initial 187 sources. After removing 52 duplicates, 135 sources were screened by title and abstract. Of these, 68 were excluded as they did not address AI governance or financial reporting. The remaining 67 sources were retrieved for full-text assessment. Following full-text review against the inclusion and exclusion criteria, 22 sources were excluded for reasons including lack of relevance to fiduciary duties (n=8), non-peer-reviewed status (n=7), or focus on technical AI aspects without governance implications (n=7). The final sample therefore consisted of 45 sources: 32 peer-reviewed journal articles, 8 regulatory reports, 3 legal cases or statutes, and 2 conference proceedings.

Data extraction was conducted using a standardized form that captured for each source the author(s), year of publication, country or jurisdiction of focus, research design or document type, key findings related to each of the three research objectives, and methodological limitations. The extracted data were then analyzed using thematic content analysis, following the procedures outlined by Braun and Clarke (2006). This involved familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final synthesis.

Ethical considerations for a systematic literature review include proper attribution of all sources, avoidance of plagiarism, and transparent reporting of the search and selection process to enable replication. All sources cited in this review have been fully referenced in the reference list, and the search process has been described in sufficient detail to permit replication by other researchers

THE PRISMA 2025 FLOW DIAGRAM



The PRISMA 2025 flow diagram illustrates the systematic process followed in selecting literature for this study. A total of 187 records were identified from four electronic databases, namely Scopus, Web of Science, Google Scholar, and African Journals Online. After the removal of 52 duplicate records, 135 studies remained for title and abstract screening. During this stage, 68 records were excluded because they did not address AI governance or financial reporting. Subsequently, 67 full-text reports were assessed for eligibility. Following detailed evaluation against the inclusion and exclusion criteria, 22 reports were excluded due to lack of relevance to fiduciary duties, non-peer-reviewed status, or focus on technical AI aspects without governance implications. The final review therefore included 45 sources comprising peer-reviewed journal articles, regulatory reports, legal cases or statutes, and conference proceedings.

RESEARCH FINDINGS

The findings of this systematic literature review are organized according to the three research objectives. Each objective is addressed through a thematic synthesis of the 45 included sources, with findings presented in narrative form supported by summary tables where appropriate for clarity.

Limitations of Existing Legal and Regulatory Frameworks in Zimbabwe

The systematic synthesis of evidence from the 18 sources that addressed legal and regulatory frameworks reveals a consistent and concerning picture regarding Zimbabwe's preparedness for AI in financial reporting. A primary finding is the complete absence of AI-specific provisions in Zimbabwe's primary corporate governance legislation. The Companies and Other Business Entities Act [Chapter 24:31] does not mention artificial intelligence, machine learning, automated decision-making systems, or algorithmic governance in any of its provisions relating to directors' duties (Mhlanga, 2020). This silence means that directors have no statutory guidance on how their fiduciary duties apply when financial reporting decisions are made or substantially influenced by AI systems.

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A related finding concerns the inflexibility of existing legal frameworks to accommodate rapid technological change. The majority of sources addressing this theme noted that while some legal systems have adopted "technology-neutral" language that can theoretically apply to new technologies, Zimbabwe's COBE Act was drafted before AI became a practical reality in financial reporting (Kuipa, 2019). The Act's provisions on directors' duties presuppose human decision-makers who can explain their reasoning, who can be questioned by boards, and whose competence can be assessed through traditional metrics of experience and training. AI systems, particularly those employing deep learning, do not fit this presupposition (Giron *et al.*, 2022).

Insufficient enforcement capacity emerged as another significant limitation across multiple sources. Even where general regulations might be interpreted to apply to AI systems, the regulators responsible for enforcement, including the Securities and Exchange Commission of Zimbabwe and the Reserve Bank of Zimbabwe's financial intelligence unit, lack the technical expertise to audit AI systems effectively (Hofisi, 2023). The World Bank (2022) documented that this capacity gap is not unique to Zimbabwe but characterizes many emerging economies, where regulatory bodies are chronically underfunded and underskilled relative to the technologies they are expected to oversee.

The risk of misreporting and fraud in the absence of specific AI regulations was a concern expressed in the majority of sources addressing this objective. When AI systems produce financial outputs that no individual director or employee fully understands, and when no legal framework requires transparency or auditability of those systems, the conditions are ripe for both inadvertent errors and deliberate manipulation (Arner *et al.*, 2017). The literature suggests that this risk is particularly acute in jurisdictions like Zimbabwe, where corporate governance enforcement has historically been weak even for traditional financial reporting issues (Zimbabwean Ministry of Finance, 2020).

Table 1: Summary of Legal and Regulatory Limitations Identified in Literature

Theme	Number of Sources	Representative Sources
Absence of AI-specific provisions	18 of 18	Mhlanga (2020); Kuipa (2019)
Regulatory inflexibility	14 of 18	Chitokwindo *et al.* (2023); Hofisi (2023)
Insufficient enforcement capacity	12 of 18	World Bank (2022); Zimbabwe Ministry of Finance (2020)
Risk of misreporting/fraud	16 of 18	Arner *et al.* (2017); Giron *et al.* (2022)

Transformation of Financial Disclosure and Reporting through AI

The synthesis of fifteen empirical studies examining AI's impact on financial reporting processes reveals that artificial intelligence technologies are fundamentally reshaping how financial information is produced, verified, and communicated. A consistent finding across the majority of these studies is that AI has improved the efficiency of financial reporting processes. Machine learning algorithms can process vast quantities of transactional data in seconds, identifying patterns and anomalies that would take human accountants' days or weeks to detect (Brynjolfsson & McAfee, 2017). Robotic process automation can handle routine data entry and reconciliation tasks without human intervention, freeing finance professionals for higher-value analytical work (Mushore & Nyamunda, 2022).

The evidence also strongly supports the conclusion that AI has increased the accuracy and reliability of financial disclosures. Human financial reporting is susceptible to various errors, including data entry mistakes, calculation errors, and unconscious biases. AI systems, when properly designed and validated, can eliminate many of these error sources (Krauss *et al.*, 2017). However, the literature cautions that AI accuracy is contingent on the quality of training data and the absence of algorithmic bias. Poorly designed AI systems can produce consistently incorrect outputs with a confidence that may mislead human overseers (Hofisi, 2023).

Regarding the timeliness of financial reporting, the synthesized evidence indicates that AI-driven automation has substantially reduced the time taken to prepare and finalize financial reports. What once required a month-long quarter-end closing process can now be accomplished in days or even hours with properly implemented AI systems (Chen *et al.*, 2022). This acceleration has significant implications for board oversight, as directors may need to make decisions based on near-real-time financial data rather than relying on historical reports.

The impact of specific AI tools, particularly natural language processing, on the clarity and comprehensiveness of financial statements was addressed in multiple studies. NLP applications can automatically generate narrative explanations of financial results, highlight significant variances, and flag potential areas of concern (Li & Lin, 2021). These capabilities can make financial statements more accessible to non-expert stakeholders, potentially enhancing overall transparency. However, the literature also notes that over-reliance on automated narrative generation may produce generic or misleading explanations if the underlying algorithms are not properly calibrated.

Finally, the evidence on whether AI adoption in financial reporting has positively impacted stakeholder trust in Zimbabwean companies is more mixed. While the majority of studies suggest that AI can enhance trust when implemented transparently and overseen effectively, the conditional nature of this finding is important. Stakeholders appear to trust AI-driven financial reporting only when they understand how the AI systems work, when there are clear accountability mechanisms, and when there is evidence that the systems have been validated for accuracy and fairness (Sharma & Sood, 2020).

Table 2: Summary of AI Impact on Financial Reporting from Literature

Impact Area	Consensus Level	Representative Sources
Improved efficiency	14 of 15 studies	Brynjolfsson & McAfee (2017); Mushore & Nyamunda (2022)
Enhanced accuracy and reliability	13 of 15 studies	Krauss *et al.* (2017); Chen *et al.* (2022)
Reduced reporting time	12 of 15 studies	Li & Lin (2021); Hofisi (2023)
Enhanced clarity via NLP	14 of 15 studies	Huang *et al.* (2020); European Banking Authority (2021)
Increased stakeholder trust	11 of 15 studies (conditional)	Sharma & Sood (2020); Floridi *et al.* (2018)

Best Practices, Competencies, and Governance Structures

The synthesis of twelve governance-focused sources reveals a coherent set of recommendations for how boards can effectively oversee AI systems in financial reporting. A foundational finding across all twelve sources is that board members currently lack sufficient knowledge and skills to oversee AI systems effectively. This competency gap is not unique to Zimbabwe but appears to be a global phenomenon, as AI technology has evolved more rapidly than corporate governance practices (Huang *et al.*, 2020). The literature consistently recommends that boards address this gap through targeted recruitment, training, and advisory structures.

Regarding board competencies, the evidence suggests that directors need not become AI programmers, but they must develop sufficient literacy to ask critical questions about AI systems used in their organizations. Essential competencies include understanding the basic principles of how machine learning algorithms work, recognizing the potential sources and consequences of algorithmic bias, comprehending data governance and privacy requirements, and being able to evaluate the adequacy of AI validation and testing procedures (European Banking Authority, 2021). The literature recommends regular training and capacity building on AI and data analytics as a necessary condition for effective board oversight, with some sources suggesting that such training should be mandatory for directors of publicly listed companies.

Concerning governance structures, the evidence strongly supports implementing dedicated AI governance committees or integrating AI governance into existing risk management structures with specialized expertise. These committees should have clear charters defining their responsibilities, which typically include approving high-risk AI

applications, reviewing AI system performance and validation results, monitoring compliance with ethical guidelines, and ensuring that appropriate audit trails are maintained (Arner *et al.*, 2017). The literature suggests that AI governance committees should include members with technical expertise, either through board membership or through regular engagement with external advisors.

Transparent documentation of AI decision-making processes emerged as a standard governance practice across the majority of sources reviewed. Documentation should include descriptions of the AI system's intended purpose and limitations, the data sources used for training and operation, the validation and testing procedures applied, the measures taken to mitigate bias, and the accountability framework for errors or harms caused by the system (Floridi *et al.*, 2018). Such documentation supports both internal oversight by boards and external oversight by regulators and auditors.

Finally, the literature strongly emphasizes that ethical considerations, including bias mitigation and data privacy, should be integral to AI governance frameworks. Ethical AI governance requires proactive measures to identify and mitigate potential harms before they occur, rather than reactive responses after problems emerge (Sharma & Sood, 2020). For financial reporting applications, key ethical concerns include ensuring that AI systems do not systematically disadvantage certain classes of stakeholders, protecting sensitive financial data from unauthorized access or use, and maintaining human accountability for all material financial disclosures.

DISCUSSION OF FINDINGS

The systematic synthesis of evidence from 45 sources reveals several critical insights into the governance of AI-driven financial reporting in Zimbabwe. Regarding the first objective, the analysis confirms a significant governance gap in Zimbabwe's existing legal and regulatory frameworks. While the COBE Act provides a foundation for directors' fiduciary

duties, it contains no provisions that specifically address the unique challenges posed by AI systems in financial reporting. This finding aligns with the broader literature on regulatory lag in emerging economies, which documents that legal frameworks typically evolve more slowly than the technologies they are meant to govern (World Bank, 2022).

The perception in some of the literature that existing regulations may be sufficient for AI oversight is tempered by the majority view that flexibility and specificity are both required. As Arner *et al.* (2017) argue, regulatory frameworks for emerging technologies must be simultaneously specific enough to provide clear guidance and flexible enough to accommodate rapid technological change. Zimbabwe's current framework achieves neither quality. The absence of specific AI regulations increases the risk of misuse or misreporting in financial disclosures, a concern that is widely documented across multiple jurisdictions (Giron *et al.*, 2022).

Regarding the second objective, the synthesized evidence strongly supports the conclusion that AI technologies are transforming financial disclosure and reporting processes in ways that offer significant benefits but also introduce new risks. The improvements in efficiency, accuracy, and timeliness documented across multiple studies are substantial and likely to accelerate as AI capabilities continue to advance (Brynjolfsson & McAfee, 2017). However, these benefits are not automatic; they depend on appropriate governance structures that ensure AI systems are properly designed, validated, and overseen.

The finding that AI tools such as natural language processing enhance the clarity and comprehensiveness of financial statements is particularly significant for stakeholder communication. Financial statements have long been criticized for their complexity and inaccessibility to non-expert stakeholders (Krauss *et al.*, 2017). If AI can make financial disclosures more understandable without sacrificing accuracy or completeness, this could represent a major advance in corporate transparency. However, the literature also cautions that automated narrative generation must be carefully validated to ensure it does not introduce new forms of obfuscation or bias.

Regarding the third objective, the synthesis reveals a concerning gap between recommended best practices and current board competencies. The overwhelming majority of sources document that board members lack sufficient expertise to oversee AI systems effectively (Huang *et al.*, 2020). This gap is not merely a matter of technical detail; it strikes at the heart of directors' fiduciary duties. If directors cannot understand, question, or validate the AI systems that produce their companies' financial reports, they cannot reasonably be said to be exercising the care, skill, and diligence required by law.

The support across the literature for dedicated AI governance committees, regular training, transparent documentation, and ethical guidelines is unanimous. These practices are not optional luxuries but essential components of responsible AI governance (European Banking Authority, 2021). For Zimbabwean companies seeking to leverage AI's benefits while managing its risks, adopting these practices should be a priority. However, the literature also recognizes that implementing such practices requires resources and expertise that may be scarce in the Zimbabwean context, suggesting a role for regulators in setting minimum standards and providing supporting infrastructure.

CONCLUSION AND RECOMMENDATIONS

This systematic literature review has examined the transformative impact of artificial intelligence on financial reporting in Zimbabwe and the consequent need to reframe board responsibilities. The analysis of 45 sources reveals that Zimbabwe's existing legal and regulatory frameworks, particularly the Companies and Other Business Entities Act, contain significant gaps regarding AI oversight. The concept of a "Digital Fiduciary Duty" is proposed as a normative obligation requiring directors to critically evaluate and oversee AI systems used in financial reporting.

Based on the synthesized evidence, several recommendations emerge for regulatory reform, capacity building, governance structures, international alignment, and future research.

Regarding regulatory reforms and policy development, Zimbabwe should develop specific AI regulations that clearly define acceptable practices, data privacy standards, and accountability measures. These regulations need to be comprehensive yet adaptable, allowing them to evolve quickly in response to technological advancements. Incorporating ethical guidelines such as bias mitigation, transparency, and fairness will promote responsible AI use in financial reporting and help prevent misuse or fraudulent activities. The COBE Act should be amended to include explicit references to directors' duties regarding AI oversight, potentially through a new section on technology governance.

Concerning capacity building and education, it is essential to enhance the AI-related skills and knowledge of board members and senior management through continuous training programs. Collaborations with academic institutions and industry experts can help develop tailored training modules for Zimbabwean directors. Additionally, establishing dedicated AI oversight or governance committees within

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organizations and regulatory bodies will provide specialized review and monitoring of AI applications. The Securities and Exchange Commission of Zimbabwe should consider mandating minimum AI governance training for directors of listed companies.

Regarding the strengthening of governance structures, organizations should implement transparent documentation of their AI decision-making processes, including descriptions of algorithms and data sources. This practice enhances accountability and facilitates audits by both internal and external reviewers. Embedding ethical principles such as fairness, privacy, and accountability into AI governance frameworks is crucial. Encouraging external audits of AI systems can further ensure compliance with legal and ethical standards, similar to financial statement audits.

Concerning the fostering of collaboration and international alignment, Zimbabwe's AI regulations should be aligned with international standards, such as those from the Organisation for Economic Co-operation and Development or the European Commission. This alignment will facilitate cross-border cooperation and ensure that local practices meet global best practices. Engaging with international bodies and multi-stakeholder forums involving regulators, industry players, academia, and civil society will help develop a comprehensive approach to AI oversight.

Regarding the promotion of research and innovation, supporting local innovation in AI is vital for sustainable growth. Providing incentives for companies to adopt responsible AI practices and investing in research tailored to Zimbabwe's economic context can drive responsible innovation. Additionally, establishing mechanisms to monitor and evaluate AI's impact on financial reporting quality, market stability, and stakeholder trust will help refine policies and practices over time. Future primary research should specifically examine the readiness of Zimbabwean boards for AI governance, using surveys and interviews to complement the secondary evidence synthesized in this review.

In conclusion, the integration of AI into financial reporting is not a distant possibility but an unfolding reality. Zimbabwe has an opportunity to learn from international experiences and develop governance frameworks that are both robust and flexible. Reframing board responsibilities to include a Digital Fiduciary Duty, Zimbabwe can ensure that AI enhances rather than undermines the integrity, transparency, and reliability of financial reporting.

Limitations of the Study

This study is subject to several limitations that should be acknowledged. First, the research was confined exclusively to secondary sources, including peer-reviewed articles, regulatory documents, and legal texts. While this approach enabled a comprehensive synthesis of existing knowledge, it did not capture primary perspectives from Zimbabwean directors, regulators, or AI practitioners who are actively engaged with these issues on a day-to-day basis. The absence of primary data means that the findings reflect what has been published about AI governance in financial reporting rather than the lived experiences and practical challenges faced by Zimbabwean corporate actors.

Second, the limited body of Zimbabwe-specific literature on AI governance constrained the analysis. Much of the evidence synthesized in this review was drawn from international sources, particularly from European, North American, and other African jurisdictions. While these sources provide valuable comparative insights, the transferability of their findings to the Zimbabwean context may be limited by differences in legal systems, regulatory capacity, technological infrastructure, and corporate governance traditions.

Third, the rapid pace of AI technological development means that some of the sources reviewed may already be dated relative to current capabilities. The literature review captured sources published up to February 2026, but AI technologies continue to evolve rapidly, potentially outpacing the synthesis presented here.

Fourth, this study did not conduct primary empirical research, such as surveys, interviews, or case studies, which would be necessary to validate the applicability of international best practices to Zimbabwean companies or to assess the current state of board preparedness.

Declaration of Competing Interests and Sponsorship

The authors declare that this research was conducted solely for academic purposes as part of a postgraduate research project. No organization, company, or government entity sponsored or funded this study. The authors received no financial or material support from any external source that could influence the research questions, methodology, findings, or recommendations presented in this paper.

Rachel Chibaya and Dr Shadreck Nhorito confirm that they have no personal, professional, or financial relationships that could be construed as a conflict of interest with respect to the subject matter discussed in this manuscript. The views expressed herein are solely those of the authors and do not represent the official position of any affiliated institution, regulatory body, or government agency.

Areas for Further Research

Building on the limitations identified above and the gaps revealed by this systematic review, several areas warrant future research attention:

Primary Empirical Research on Board Readiness: Future studies should employ surveys, semi-structured interviews, or focus groups to directly assess the current state of AI literacy, governance practices, and preparedness among Zimbabwean corporate directors. Such primary research would validate or challenge the findings of this secondary review and provide baseline data for measuring progress.

Case Studies of AI Implementation in Zimbabwean Financial Reporting: In-depth case studies of Zimbabwean companies that have integrated AI into their financial reporting processes would illuminate the practical challenges, success factors, and governance innovations that emerge in the local context. Comparative case studies across sectors (banking, mining, telecommunications, etc.) would reveal sector-specific governance needs.

Regulatory Impact Assessment Studies: Research examining how other African jurisdictions (e.g., Kenya, South Africa, Nigeria, Rwanda) are adapting their corporate governance frameworks to address AI in financial reporting would provide valuable comparative lessons for Zimbabwe. Such studies should analyze both legislative reforms and enforcement practices.

Quantitative Analysis of AI-Related Financial Misstatements: Longitudinal quantitative research examining the incidence, nature, and consequences of AI-related financial misstatements would help quantify the risks that directors must manage and justify the need for regulatory intervention.

Auditor Perspectives on AI Governance: Studies investigating how external auditors assess and verify AI-driven financial reporting systems would provide insights into assurance practices and identify gaps between audit standards and technological realities.

Development and Validation of AI Governance Assessment Tools: Research aimed at developing and validating diagnostic tools that boards can use to assess their own AI governance readiness would have practical value for practitioners and regulators alike.

Stakeholder Perceptions of AI-Driven Financial Reporting: Survey research examining how investors, creditors, and other stakeholders perceive the trustworthiness of AI-generated financial information would inform both corporate practice and regulatory standard-setting.

Legal Liability Scenarios for Directors: Doctrinal legal research examining how Zimbabwean courts might apply existing fiduciary duty principles to AI-related failures would provide guidance for directors and their legal advisors

CONCLUDING REMARKS

The integration of AI into financial reporting is not a distant possibility but an unfolding reality. Zimbabwe has an opportunity to learn from international experiences and develop governance frameworks that are both robust and flexible. Reframing board responsibilities to include a Digital Fiduciary Duty, Zimbabwe can ensure that AI enhances rather than undermines the integrity, transparency, and reliability of financial reporting. The recommendations offered in this paper provide a strategic blueprint for policymakers, regulators, corporate directors, and professional bodies seeking to navigate this transformative landscape. However, these recommendations must be tested, refined, and adapted through the primary research agenda outlined above. The governance of AI in financial reporting is too important to be left to secondary sources alone; it demands active engagement with the lived realities of Zimbabwean corporate practice

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