VOLUNTARY DISCLOSURES AND FINANCIAL PERFORMANCE OF MANUFACTURING FIRMS LISTED ON NAIROBI SECURITIES EXCHANGE IN KENYA

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ABSTRACT

Insufficient disclosure of the company's operations has exposed shareholders to the threat of manipulated profits, as evidenced by the increasing incidents of scandals, frauds, suspensions, and even delistings. Disclosures are crucial in tackling problems related to information asymmetry and agency costs within firms. Voluntary disclosures surpass mandatory ones, presenting a more favorable outlook of the company and its prospects to investors. The main objective was to find out the relationship between voluntary disclosures and financial performance of listed manufacturing firms in Nairobi Securities Exchange. Specifically the study aimed at establishing the relationship of financial information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange, evaluate the relationship between forward-looking information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange, to assess the relationship between value-added statement disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange and to assess the relationship between non-financial information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange. The study relied on secondary data available for the findings. The observations used were from the year 2018 to 2022 and the population comprised of 8 companies listed in NSE under manufacturing and allied. Descriptive and inferential statistics was conducted to analyze the data collected. Correlation and regressions analysis was conducted as the analytical tools to enable interpretation of the relationship of the study selected variables. The analysis was conducted using STATA 15. The results indicated that financial information disclosure (β=0.405377, P=0.006), Forward-looking information disclosure (β=0.334582, P=0.029) and Value-added statement disclosure (β=0.11397, P=0.014) investment decision has positive and significant relationship while non-financial information disclosure (β=0.163917, P=0.073) had insignificant positive relationship on financial performance of listed Manufacturing firms at NSE. Voluntary disclosure significantly accounted for 40.32% variance in financial performance of listed manufacturing firms at NSE. The study concluded that voluntary disclosure has positive relationship on financial performance of listed manufacturing firms at NSE. The study therefore recommended listed manufacturing should adhere to provisions stipulated by International financial reporting standards and ensure that all relevant financial information is appropriately disclosed to stakeholders. In addition, there is need to increase the level of voluntary disclosure in regard to financial information so as to foster positive firm performance. These can be achieved by examining the various indicators of financial liquidly and making the information more clearly to the common investor with no financial knowledge. The study also recommended that listed firms should demonstrate how non-financial information is linked to the financial aspect of their firms. Therefore, to the policy makers, the study recommends that they should develop and implement policies to improve non-financial information disclosure.

INTRODUCTION

Background of the Study

Voluntary disclosure is the provision of information by a company's management beyond requirements such as generally accepted accounting principles, where the information is believed to be relevant to the decision-making of users of the company's annual reports (Al-Theebeh, Ibraheem & Khaled, 2018). The demand for voluntary disclosure arises from agency conflicts and information asymmetry between outside investors and management. The management disclosures 'authority is heightened by standard setters, regulators, auditors as well as other intermediaries in capital market. Moreover, agency association exists between principal (shareholders) and agent (management). Information asymmetry between other stakeholders and management is the main issue. In this agency association, management benefit from information. Actions may be taken by an agent that varies with interests of other stakeholders (Hawashe, 2019).

Voluntary disclosure gives better opportunity to use agency theory, in sense that firm's private information can be easily accessed by management than outside owners and also investors can make reliable as well as plausible communication to the market in order to heighten firms' value by reducing agency relationships' costs. Demand for voluntary disclosure arises from information asymmetry and agency conflicts between management and outside investors. The authority of management disclosures is enhanced by regulators, standard setters, auditors and other Capital market intermediaries (Consoni & Colauto, 2016). Agency relationship exists between shareholders and management; (Krismiaji, 2019). Htay, Aung, Rashid and Adnan (2018) in a study carried out in Malaysia found that higher profit firms have higher occurrences of disclosure in their annual report as compared to lower profit firms.

Good corporate governance depends on the quality of accounting and corporate financial reporting which has now become a global issue. World capital markets are being shaken by a perception that financial information is either wrong or is very hard to understand and absorb. Global financial markets depend on quality information coming from public reporting of firm's financial performance. Non-disclosure of vital reports has made stakeholders to lack confidence in trading with such companies leading to a decline in performance (Tran, Nguyen, & Le, 2021).

There have been accounting blunders and scandals that seem endless. These includes :Enron, Xerox, Reliant Resources, Global Crossings, CUC International, Adelphia Communications, Waste Management, Rite Aid and now the largest of them all, World Com (Waweru, 2018). There is continued news in local dailies for problems of financial reporting in the World while Kenya is not exception to these with its fair share of accounting scandals. These scandals include: Kenya National insurance company, Nyaga stock broker, Discount Securities Company, Uchumi supermarket, Kenya Airways among others. Recent revelations from Uchumi Supermarket (a listed company in NSE) Management Discussions and Analysis report on manipulation of accounting books resulted in decline of its market capitalization (Githinji, 2018).

These have shaken investor's faith in the capital markets and efficacy of voluntary disclosure practice in promoting transparency and accountability. Therefore, the aforementioned financial scandals strengthen the need for voluntary disclosures as most firms involved had their mandatory financial disclosures audited by the best audit firms and sanctioned by management. The mandatory financial statement disclosures in the annual reports of listed firms are not sufficient to give confidence to investors and other users (Masum, Latiff & Osman, 2020). Unqualified audit report is not fool-proof or guarantee of relevancy and reliability to good investment and lending decisions. The main issue is the information asymmetry between management and other stakeholders and in an agency relationship, management has information advantage. The agent may take actions that are at variance with other stakeholders' interests. Voluntary disclosures in annual reports present a better opportunity to apply agency theory.

Global Perspective on Voluntary Disclosures and Financial Performance

Management with better access to a firm's private information than external owners and investors can make plausible and reliable communication to the market. This enhances value of the firm by reducing the costs of the agency relationship (Nguyen, Wong, Phan, Tran & Moslehpour, 2021). The management ought to disclose more information to the stakeholders to avert this cosmetic annual reporting which is insufficient. Nexus between corporate financial performance and voluntary disclosure, around the world, vary from company to company. In the United States, Enache and Hussainey (2020) found that informative and reliable voluntary disclosures including financial information disclosure, forward looking information disclosure, and environmental accounting have a value-increasing effect on firm performance, but the marginal effect of trustworthy disclosures on governance was decreasing.

In Greece, Iatridis and Alexakis (2020) showed that voluntary disclosures exhibit higher profitability and growth and appear to be good news bearers. They also display a change in their management and a higher share trading volume. The results provide evidence that the provision of voluntary disclosures is negatively associated with earnings management. The study indicates that sound financial indicators and good news and prospects are likely to motivate firms to provide voluntary disclosures in order to attract investors' attention and communicate their managerial superiority or potential. Less information asymmetry and earnings management would lead to the disclosure of informative accounting information and would subsequently assist investors in making efficient decisions. The contribution of the study lies in the fact that Greece is a particular case because it is a "rules-based" code-law country that involves high levels of standardization and that has adopted IFRSs that are "principles-based" and involve flexibility in financial reporting and judgment. Also, financial reporting in Greece is less restrictive in terms of disclosure requirements. Papaj-Wlisłocka and Strojek-Filus (2019) Contemporary accounting faces a full range of challenges in addressing the growing need for information from financial statements. Non-financial information disclosures are becoming increasingly common and important. Especially for the largest Polish companies its' disclosure is a legal obligation. Among non-financial information, forward-looking disclosures might be considered crucial, as they are bound with a certain level of risk for both the entity and the recipients of the financial statement. In this paper the problem of risk in accounting will be analyzed from the perspective of the forward-looking disclosures. In addition,

Ziad, Ibraheem and Hasan (2018) indicated that voluntary disclosures such as financial information disclosure, forward looking information disclosure, and environmental accounting clearly affect rationalization of investors 'decisions in industrial companies quoted in the Amman Stock Exchange (ASE), be it decision on investment, sale or retention.

In addition, Lana, Wang and Zhang (2013) found that voluntary disclosures including financial information disclosure, forward looking information disclosure and environmental accounting in China is positively related to return on equity. In Jordan, Kanakriyah (2016) indicated that voluntary disclosures such as financial information disclosure, forward looking information disclosure, and environmental accounting enhance fundamental qualitative features (relevance as well as faithful representation) and qualitative features (understandability, comparability, verifiability and timeliness) which can improve decision usefulness. Voluntary disclosure also improves the reputation rankings to generate sustainable value for stakeholders, because higher reputation companies produce higher quality financial reports, but also voluntary disclosure may diminish the reputation of the firms if the voluntary disclosure publishes bad news.

Regional Perspective on Voluntary Disclosures and Financial Performance

In Egypt, Elfeky (2017) discovered a positive significant correlation between voluntary disclosure measured in terms of environment accounting, human resource accounting, and financial information and the performance of firms in Egypt. Further, Nurudeen, Ahnda and Shalli (2018) found that voluntary disclosure has negative as well as significant effect on profitability of voluntary disclosure of financial service firms within Nigeria. Alhassan and Islam (2019) examined the effect of accounting disclosures on the financial performance of oil and gas companies in Nigeria. The findings of the study showed that corporate environmental and social disclosures have a significant impact on companies' performance. Because of this, the study concluded that environmental and social disclosures have improved companies' performance over the years.

In Ethiopia, Asmare and Viswanadham (2022) revealed that disclosures about corporate strategy were the highest and the level of corporate governance information was the lowest level of voluntary disclosure in the annual reports of the study time periods. Desta, Kaihulaand Kifle (2019) indicated that accounting disclosure was not a central aspect of corporate governance in Tanzania. It is noted that the lack of adequate voluntary disclosure is one of the biggest challenges facing the implementation of effective corporate governance in Tanzania. In turn, lack of sound corporate governance has fueled corruption and cronyism while suppressing sound and sustainable economic decisions. Etengu, Olweny and Oluoch (2019) examined the effect of corporate and strategic information disclosure on earnings management among listed firms at the Uganda Securities Exchange. The study's results showed a negative and significant effect of corporate and strategic information disclosure on earnings management. The implication of this finding is that information disclosure related to corporate and strategic information constitutes a constraint to the proliferation of earnings management. Disclosure of corporate and strategic information drives EM downwards.

Local Perspective on Voluntary Disclosures and Financial Performance

In Kenya, Wambugu and Essajee (2016) revealed that disclosures such as financial information disclosure, forward looking information disclosure, and environmental accounting are an integral part of the financial statements, it is important for the auditor to give attention to disclosures throughout the audit. In addition, they revealed that comparable accounting standards promote transparency, accountability, and efficiency in financial markets. This enables investors and other market participants to make informed economic decisions about investment opportunities and risks and improves capital allocation. Gitonga (2016) indicates that presentation of financial statements sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/noncurrent distinction.

The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. According to Waweru (2018), Generally Accepted Auditing Standards (GAAS) are a collection of systematic guidelines which are utilized by auditors in carrying out audits on companies' financial records and these standards help to ensure accuracy, verifiability as well as consistency of auditors' reports and actions. Gitonga (2016) indicates that general as well as strategic information disclosures, financial information disclosures, forward-looking information disclosures and social environmental as well as board disclosures have an influence on financial performance of companies listed at NSE measured in terms of return on investment.

However, Mutiva, Ndirangu and Anwar (2015) found that the components of voluntary disclosures encompass general corporate as well as strategic information, financial information, forward-looking information as well as socio-environmental and also board disclosures. Both general corporate as well as strategic information disclosure and forward-looking information disclosure had positive influence on financial performance, while financial information disclosure as well as socio-environmental and also board disclosures had negative influence on financial performance. In addition, Mugo (2014) argues that general and strategic information disclosure, forward looking information disclosure as well as social and board disclosure as components of voluntary disclosure positively influenced financial performance while financial information disclosure negatively influenced financial performance

Statement of the Problem

Kenya manufacturing sector has registered stagnation and declining profits for the last five years due to unpredictable operating environment. This exposes a gap in the country’s ability to achieve a fully industrialized economy by 2030 (World Bank, 2020). The gross domestic product from manufacturing sector has been stationary and, in some cases, there has been drop due to seasonal fluctuations (Trading Economics, 2019). KPMG (2019) revealed that real growth in the manufacturing sector averaged 4.1% p.a. during 2010-2017 which is lower than the average annual growth in overall real GDP of 4.6%. It is estimated that manufacturing firms in Kenya have lost 70

per cent of their market share in East Africa (GoK, 2021) due to contingencies. Firms such as TATA, Johnson & Johnson and Unilever have announced plans to shut down their plants or shift operations from Nairobi to other countries due to cost of production, cheap imports and counterfeit products (KAM, 2019).

Transparency and disclosure represent one of the pillars of corporate governance. Several scandals have occurred worldwide due to lack or improper corporate disclosures. Different stakeholders use corporate disclosure in their decision-making process. Disclosure is defined in the accounting literature as "informing the public by financial statements of the firm" (Ağca & Önder, 2007). Disclosure is also defined as "the communication of economic information, whether financial or nonfinancial, quantitative or otherwise concerning a company's financial position and performance" (Owusu-Ansah, 1998).

Corporate disclosure falls into two broad categories: mandatory and voluntary. On one hand, mandatory disclosure consists of information disclosed in order to comply with the requirements of laws and regulations. On the other hand, voluntary disclosure is any information disclosed in addition to the mandatory disclosure. Voluntary disclosure is defined by Meek et al. (1995) as "free choices on the part of company managements to provide accounting and other information deemed relevant to the decision needs of users of their annual reports." Moreover, voluntary disclosure may include disclosure "recommended by an authoritative code or body" (Hassan & Marston, 2010).

Motivations to voluntary disclosure include capital markets transactions/ information asymmetry, corporate control contest, stock compensation, increased analyst coverage, management talent signaling, and limitations of mandatory disclosure. The contribution of the manufacturing sector to the GDP has been on a downward trend 2017 (8.7%), 2018 (8.4), 2019 (7.9%), 2020 (7.6) and 2021(7.2%) KNBS Economic Survey ,2022. Companies listed in NSE face various challenges such as; keeping in pace with globalizations, government policies and regulation, integrity, client demands, resource management, market and customer loyalty, risk management, business complexity, competition and inadequate capital. Companies such as Eveready (EA) Ltd, Uchumi Supermarkets, Unga Group Ltd, National Bank of Kenya, CMC Holdings Ltd and East Africa Industries among many others have in the past have poor company performance indicators (CMA, 2022).

Kariuki (2015) and Mwithi (2017) reported that Mumias Sugar had almost doubled its loss to Ksh 4.6 billion in the 12 months as per June 2015 financial results. Majority of the companies registered in Nairobi Securities Exchange have not been not been giving a full disclosure of information. For example, Uchumi Supermarkets made fraudulent payments to their suppliers and suspicious procurements of goods and services that led to huge losses of 1.9b by KPMG assessment that were covered up by false financial records to indicate a loss of 501 million (Wakari, 2019). Wandera and Maniagi (2020) indicated that financial disclosure index of listed firms between 2012 and 2022 ranged from 0.19 to 0.57 with a mean of 0.38 and standard deviation of 0.1583. It can be deduced that over the seven years (2012-2022), mean percentage of voluntary disclosures was 38% and the standard deviation among the years was 15.8%.

Various studies conducted on the voluntary disclosures and financial performances in Kenya have produced mixed findings. Ng'ang'a (2016) found that voluntary financial disclosures have a positive influence on stock returns of companies quoted on NSE. However, Mutiva, Ndirangu and Anwar (2015) established that strategic information disclosures, forward-looking information disclosure had positive effect on financial performance, while financial information disclosure and socio-environmental and board disclosures had a negative influence on financial performance of quoted companies at NSE. Additionally, Mugo (2014) revealed that general and strategic information disclosure as well as social and board disclosure positively influenced financial performance of Kenyan commercial banks while financial information disclosure negatively influenced financial performance.

However, Ng'ang'a (2016) and Mutiva, Ndirangu and Anwar (2015) conducted their study in the NSE specifically, financial firms while Mugo (2014) conducted his study in Kenyan commercial banks. This study was conducted among listed manufacturing firms at Nairobi Securities Exchange. In addition, the dependent variable used by Wambugu and Essajee (2016) was stock returns while Mugo (2014) and Mutiva, Ndirangu and Anwar (2015) used financial performance as the dependent variable. The study used financial performance as the dependent variable. While Mutiva, Ndirangu and Anwar (2015) and Wambugu and Essajee (2016) and Mugo (2014) used primary data. However, this study used secondary data, as a methodological gaps. This study therefore sought to examine the relationship between voluntary disclosures and financial performance of listed manufacturing firms at Nairobi Securities Exchange in Kenya.

Objectives of the Study

General Objective

The general objective of the study was to examine the relationship between voluntary disclosures and financial performance of manufacturing firms listed on Nairobi Securities Exchange in Kenya.

Specific Objectives

The specific objectives of the study are;

i. To establish the relationship between financial information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange in Kenya.
ii. To find out the relationship between forward-looking information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange in Kenya.
iii. To explore the relationship between value-added statement disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange in Kenya.
iv. To assess the relationship between non-financial information disclosure and financial performance of manufacturing firms listed on Nairobi Securities Exchange in Kenya.

Research Hypotheses

The study sought to test the following null hypotheses:

1. $H0_1$. Financial information disclosure has no significant relationship with financial performance of listed manufacturing firms on Nairobi Securities Exchange in Kenya.
2. $H0_2$. Forward-looking information disclosure has no significant relationship with financial performance of listed manufacturing firms on Nairobi Securities Exchange in Kenya.
3. $H0_3$. Value-added statement disclosure has no significant relationship with financial performance of listed manufacturing firms on Nairobi Securities Exchange in Kenya.
4. $H0_4$. Non-financial information disclosure has no significant relationship with financial performance of listed manufacturing firms on Nairobi Securities Exchange in Kenya.

Significance of the Study

The study would greatly contribute to the existing knowledge in the area on voluntary disclosures in annual reports and financial performance of listed firms Nairobi Securities Exchange in Kenya, by broadening the available knowledge. The study may benefit various stakeholders such as academicians, regulators, shareholders, lenders and other users of accounting information.

Scholars and other Researchers

To the scholars, the study may add value to the existing body of knowledge on voluntary disclosures in the annual reports of firms and performance therein. Like any other research, the findings are useful as a reference for further studies and spark off further research on new determinants of voluntary disclosures quality. Firms in developing countries would learn from this Kenyan study in order to improve on their risk disclosure practices. The study findings provide information on what drives disclosure quality and how the various types of risks inherent in financial instruments can be managed effectively to improve stability of business entities.

Policy Makers and Regulators

The findings of this study would be useful to accounting and regulatory bodies by providing information about any inadequacies of accounting disclosure quality in Kenya. To government of Kenya as well as policy makers, the study gives information on how voluntary disclosures affect financial performance of the listed manufacturing that could be used to develop policies to increase voluntary disclosures. The investment regulators in Kenya such as the Capital Market Authority (CMA) may benefit from the study as it may provide the impetus for policy formulation on more discretionary disclosures in annual reports of listed firms.

Management of Listed Firms at NSE

Moreover, to the management of listed manufacturing firms at NSE, the study provides an insight on how various voluntary disclosures influence the financial performance of their organizations. This information could be used in the development of strategies based on voluntary disclosures such as non-financial information disclosure, value added statement disclosure, forward looking

information disclosure and financial information disclosure to improve their financial performance. The study would provide information for managers to keep investors satisfied about the risks associated with their financial instruments.

Investors and Shareholders

This study may also enlighten the shareholders to hold firm their stance as principals in the agency relationship and demand for more disclosures in the annual reports. The financiers are hard hit by collapse of companies due to poor misrepresentation of information. This study may make the lenders to be keener on focusing on voluntary disclosures in the annual reports.

Scope of the Study

The scope of this study included concept, population, time and geography. The study focused on voluntary disclosure and financial performance. Voluntary disclosure included financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure. The researcher focused on all the listed manufacturing firms on the NSE. This was particularly selected for this research because the majority of listed firms in Kenya have their head offices situated in Nairobi County. Secondary data used in this study collected between 2018 and 2022.

Limitations of the Study

Though the study provided important findings on the influence of voluntary disclosures on financial performance, the study has several limitations that should be considered when interpreting or generalizing the findings. First, study focused on the relationship between voluntary disclosures and financial performance of manufacturing firms listed at NSE in Kenya. The study focused on four forms of disclosure which include forward-looking information disclosure, value-added statement disclosure, financial information disclosure and non-financial information disclosure. The study can therefore not inform on the influence of other types of disclosures such as strategic and corporate information and capital markets disclosures on financial performance

The study was limited to the relationship of the various forms of disclosure on financial performance which was measured using return on Assets. The findings would therefore not provide insights into how voluntary disclosures affect other aspects of the firm such as firm value or market capitalization. Lastly, the study only focused on listed manufacturing firms in Kenya and thus leaving other firms such as financial firms and those firms that are not listed in the NSE.

LITERATURE REVIEW

Literature review is the analysis of the existing knowledge on a particular line of study. It focuses on the existing studies done by other scholars and researchers and provides some basic knowledge of the research topic. Literature which is related to and consistent with the objectives of the study will be reviewed; literature relevant to the voluntary disclosure specific factors in the context of financial performance will be analyzed.

Theoretical Framework

The theoretical framework is a structure that can hold or support a theory of a research work. According to (Defee, 2010) good research should be grounded in theory. A theory is a coherent group of tested propositions commonly regarded as correct that can be used as principles of explanation and prediction for class of phenomena (Kothari, 2004). This study applied the agency theory, legitimacy theory, capital need theory, stakeholder theory and signaling theory to explain the study variables.

Agency Theory

The above theory was founded by Jensen as well as Meckling (1976). Moreover, the theory terms agency association as ―a contract upon which either one/more individuals (principals) involve another individual (agent) in order to carry out some service on their behalf which entails assigning authority of decision-making to an agent. Moreover, agents normally correspond effectively to management, whereas principals normally correspond effectively to owners from firms' point of view. Agency result from a belief that two principals, parties as well as agents, have diverse interests. Principals pay monitoring costs, to restrict agents' unusual activities. Further, agents pay costs of bonding to guarantee that principal's interests will not be harmed as a result of their decisions as well as residual loss (Aanu, Oluku & Clementin, 2015). The agency association leads to problem of information asymmetry since shareholders can access information less than the management (Wasara & Ganda, 2019).

One way of mitigating agency problem is optimal contracts as it assists in aligning management interests with shareholders' interests (Kendi, 2016). Additionally, another way of mitigating agency problem is through voluntary disclosure, where more voluntary information is disclosed by the management hence reducing agency costs (Musyoka, 2017). Another way of mitigating agency problem is through regulations as they require private information to be fully disclosed by the management (Marime, 2017). Nevertheless, even in existence of regulations, full disclosure is however never guaranteed. The conflict that exists between interests of shareholders and management explains nonexistence of full disclosure. Regulations of corporate reporting are aimed at providing information of minimum quantity to investors that assists in the process of decision-making (Mutiva, Ahmed & Ndirangu, 2015).

Wanjau (2019) posits that company's directors being agents, have a responsibility to operate the company in a way that maximize returns to all shareholders and the company's cash flow as well as

profit. Meckling and Jensen (1976) in agency theory, however suggests that directors do not usually run the firm where they are employed to maximize shareholders' wealth instead, they may carry out their own personal-interest. According to the agency theory, an agent has the obligation to full disclosure of information for the principal to benefit. Voluntary disclosure acts as a regulatory tool in order to restrict the tendency on opportunistic behavior for managers' personal gain.

In line with this study, agency theory was used to determine the relationship of voluntary disclosures (financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure) on financial performance of manufacturing firms listed at NSE. Moreover, the theory terms agency association as a contract under which either one/more individuals (principals) involve another individual (agent) to carry out some service on their behalf which entails assigning some authority of decision-making to an agent. The agency theory implies that companies increase disclosure in order to mitigate conflicts between shareholders and managers. Further, firms wishing to enhance their firm value may do so by increased disclosure.

Stakeholder Theory

Edward Freeman (1984) developed the above theory. This theory claims that organization successfulness is only attained when it delivers value which can come in numerous forms beyond financial benefits to its stakeholders (Mohammed, 2018). Moreover, there are numerous interested parties that should be incorporated under stakeholder including the customers, company's employees, suppliers, financiers, governmental bodies, communities, political groups, trade unions, competitors as well as trade associations since they as well can influence project outcome.

Aliyu, Adejola and Nguavese (2018) employed stakeholder theory in order to study voluntary disclosure of information concerning intellectual capital in yearly reports of registered companies. Findings indicated that observed pattern as well as level of voluntary disclosure is strongly influenced by the minority shareholders' power, consumer proximity, creditors, employees, strength of sustaining intangibles within an industry where a company is situated as well as the ownership of managerial board is also discovered to be corresponding with theory of managerial branch of stakeholder. The understandings that appear should notify regulatory efforts which are intended to improve the scope, quantity as well as the level of disclosures of intellectual capital items found in financial reports.

Cotter, Lokman and Najah (2011) used stakeholder theory to explain voluntary disclosure and argued that in relation to disclosure practices, firms have incentives to disclose particular information to particular stakeholders in order to convince them that they are complying with their requirements. As such, stakeholder theory tells how managers should morally act because they have a fiduciary relationship to stakeholders. In addition, Nyahas, Ntayi, Kamukama and Munene (2018) used stakeholder theory to examine stakeholders influence on voluntary disclosure practices by listed companies in Nigeria. The authors argued that under the normative branch, management has a fiduciary relationship with all stakeholders as such should endeavor to treat every stakeholder equally as an ethical responsibility for the optimal benefit of both the firm and its stakeholders.

Using the ethical branch, voluntary disclosures are made in order to be accountable to diverse interests' groups without exception.

Stakeholder theory was deployed in this research to assess impact of voluntary disclosures (financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure) on financial performance of manufacturing firms listed at NSE. Moreover, the theory holds that a firm is more likely to attain the needs of stakeholders and also improve its image for credibility, transparency and good relations with stakeholder by voluntarily disclosing intellectual capital items. Reputation is firm-specific, immaterial, non-tradable resource that is hard to be replicated by competitors. Agency theory assumes that companies resort to disclose extra information voluntarily to decrease the agency costs that arise from the contest between managers and shareholders.

Signaling Theory

Signaling theory was propounded by Michael Spence (1973). The theory holds that signals are a response to information asymmetries between stakeholders and companies and companies minimize the asymmetry through providing information. Companies characterized by increased disclosure assure their stakeholders that they are honest and have less possibility of being hampered by regulatory oversight. Managers of companies which are better performing can differentiate themselves from their peers by utilizing disclosure in order to serve these purposes. In accordance with this theory therefore, increase in voluntary disclosure increase public loyalty and may result to increase in demand of firms shares leading to increase in financial performance (Robert, Lyria & Mbogo, 2016).

This theory suggests that firms which are performing well make voluntary disclosures to be more readily, since doing so is considered as an easy way of differentiating themselves from others in market area. A company's disclosure of information falls somewhere between full disclosure and no disclosure depending on their objectives. All firms, at least partly, disclose information concerning the prospects of their business so as to signal they either are or have good opportunities for investment (Aliyu, Adejola and Nguavese (2018). Managers may wish to reduce information asymmetry that is existing within the market concerning the firm's performance like voluntary disclosures may act as indicator if they show information concerning unobservable features of a firm's decision (Lawala, Agbib & Mustaphac, 2018).

They argued that voluntary disclosure is one of the signaling means, where companies would disclose more information than the mandatory ones required by laws and regulations in order to signal that they are better. Signaling theory was used in on-going study to determine the influence of voluntary disclosures (financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure) on financial performance of manufacturing firms listed at NSE. This theory holds that, companies disclosures of information fall somewhere between full disclosure and no disclosure, depending on their objectives. All firms, at least partly, disclose information concerning prospects in their business so as to signal that they either are or have good opportunities for investment. Manufacturing firms

listed at NSE need to disclose financial information and forward-looking information to retain the clients and attract new ones and also remain competitive in the insurance sector. Signaling theory proposes that companies that have significant levels of voluntary disclosure intended to decrease asymmetries in information and signal the quality and real value of firms by providing more information to parties who lack information.

Legitimacy theory

Legitimacy theory was developed by Dowling and Pfeffer (1975). The theory posits that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. In adopting a legitimacy theory perspective, a company would voluntarily report on activities if management perceived that those activities were expected by the communities in which it operates (Wlisłocka &Strojek-Filus, 2019). Legitimacy theory relies on the notion that there is a social contract between a company and the society in which it operates. The social contract is used to represent the myriad expectations society has about how an organization should conduct its operations (Mahboub, 2019).

Specifically, it is considered that an organization's survival will be threatened if society perceives that the organization has breached its social contract (Zakharova, Vinichuk & Maksimova, 2016). Where society is not satisfied that the organization is operating in a legitimate manner, society will revoke the organization's contract 'to continue its operations (Maroofi, & Tabarzadi, 2017). The social contract is difficult to define because it can be explicit or implicit and not permanent. Therefore, the terms of the social contract cannot be known with any precision, and different managers will have different perceptions about these various terms (Waweru, Memba & Njeru, 2016).

Odalo, Njuguna and Achoki (2016) indicate that legal requirements provide the explicit terms of the contract, while other non-legislated societal expectations embody the implicit terms of the contract. It is in relation to the implicit terms of the contract that managers' perceptions may vary greatly. Additionally, societal expectations are not permanent, but rather change over time; hence, the conditions under the social contract on which social approval is conferred, change over time. This requires organizations to be responsive to the environment in which they operate (Wakhungu, 2011). Because community expectations can change over time, the organization needs to make disclosures to show that it is also changing. Given the impacts of perceived breaches of the social contract for organizational survival, it is important to examine the remedial actions that organizations might engage in.

Hence the importance of publicized voluntary disclosures, such as those made within annual reports and other publicly released documents. In line with this study, legitimacy theory was used to determine the relationship between voluntary disclosures and financial performance of Manufacturing firms listed at NSE. The theory argues that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. In adopting a legitimacy theory perspective, a company would voluntarily report on activities if management perceived that those activities were expected by the communities in which it operates. Legitimacy theory debates

companies have a social contract with the society, and thus provides greater levels of voluntary disclosure in order to ensure compliance with the regulations and ethics of that society, where mandatory disclosure is not enough

Capital Need Theory

The capital need theory can also help to explain the reasons behind the disclosure of voluntary information made by companies. This theory implies that companies‟ managers have an incentive to disclose additional information that enables them to raise capital on the best available terms (Gray et al., 1995). As pointed out by Healy and Palepu (2001) firms‟ managers who intend to make capital market transactions have motivations to disclose information voluntarily to decrease the information asymmetry problem and thus decrease the external financing cost.

The capital need theory predicts that increased voluntary disclosure of information by the company's managers will enable them to lower the company's cost of capital through reducing investor uncertainty (Schuster & O‟Connell, 2006). In this respect, Botosan (1997) added that additional information disclosure enhances stock market liquidity thereby decreasing costs of equity capital either through reduced transactions cost or increased demand for a company's shares. Thus, more voluntary information disclosure is preferable to less, in order to decrease the uncertainty surrounding a company's future performance and to assist trading in shares (Hassan et al., 2011).

According to this theory, revealing greater information in annual reports helps to attract new investors thereby helping to maintain a healthy demand for the company's shares and a share price in the market will more accurately reflect its intrinsic value (Cooke, 1989b). At the same time, companies with a higher level of disclosure should reasonably tend to gain higher stock prices over the long run (Stanga, 1976). The argument is that enhanced voluntary disclosures is expected to lead to improvements in investors'‟ capital-allocation decisions as well as investors‟ assessment of the return from a firms share (Schuster and O‟Connell, 2006).

There are also suggestions that disclosing more information in annual reports by company managers could lead to increased stock liquidity through decreased transaction costs and raised demand for a firm‟s security, and also lessening the uncertainty surrounding the valuation of share returns (Hassan et al., 2009). In this regard, Diamond and Verrecchia (1991) assert that disclosing more information will improve upcoming liquidity of the company's shares and this can help to reduce the company's cost of equity. Additionally, disclosing more meaningful financial and non-financial information by the company management on a voluntary basis will considerably improve its credibility among market participants (Schuster and O‟Connell, 2006).

More specifically, Soltani (2000) claims that a company's voluntary information disclosure can yield three types of capital market effects, which include improved liquidity for their shares in the stock market; decreases in their cost of capital; and increases in financial analysts following the firm. In particular, companies‟ information disclosures to capital markets will help stakeholders evaluate the companies more correctly and in turn can benefit managers learning of the capital market value, thereafter improving the company's strategic and operational decisions (Dye, 2001).

Conceptual Framework

In this study, the independent variables are voluntary disclosures (Financial information, forward looking information, Non-financial disclosure information & Value added statement) and the dependent variable is financial performance. The relationship is clearly shown in figure 2.1 shown

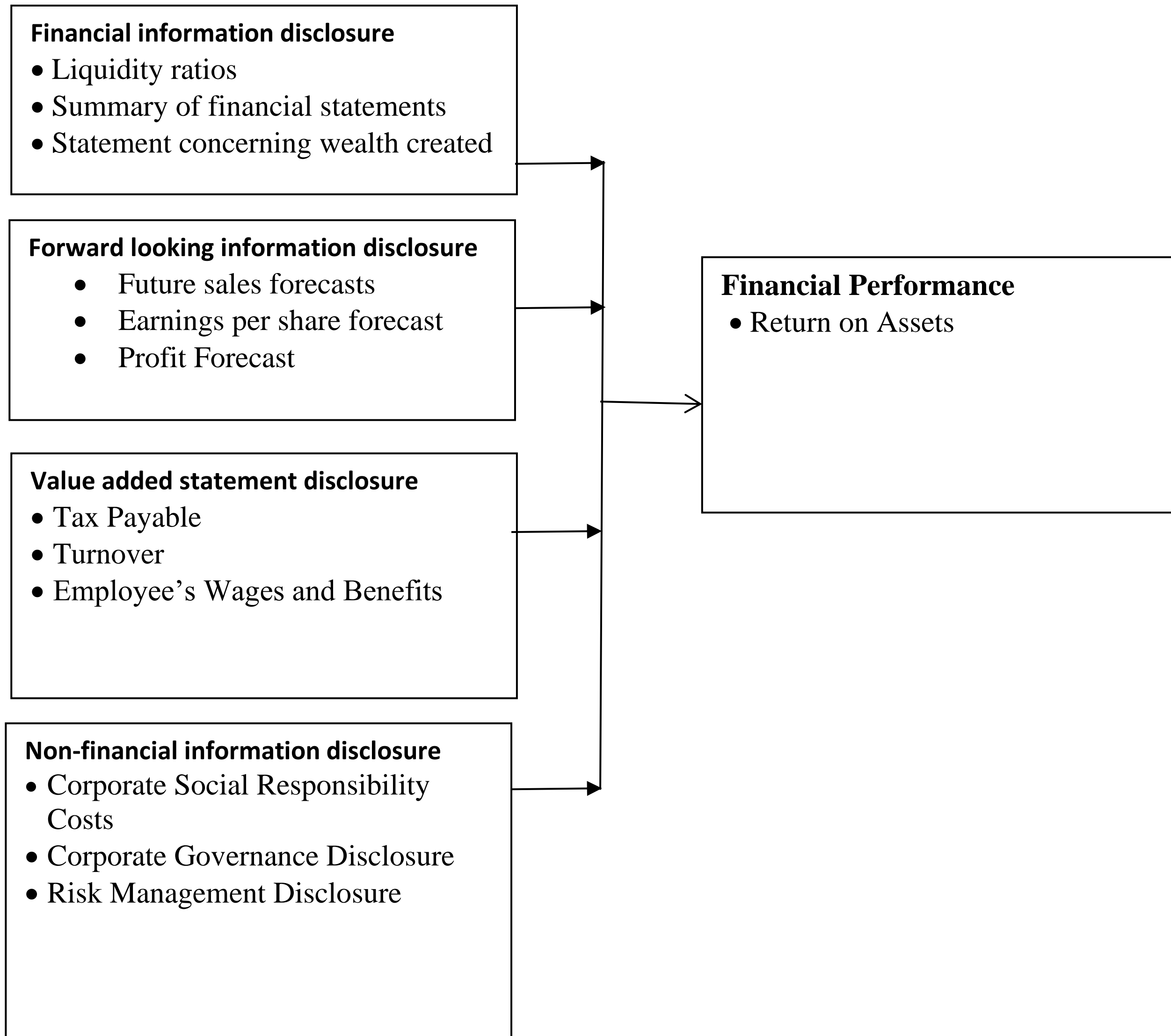

Figure 2. 1: Conceptual Framework

Review of Variables

Financial information disclosure

Financial information disclosure as a formal-sounding term makes information easily accessible to affected and interested parties. In the process of engaging stakeholder, communicating such kind of information in a manner that stakeholders will understand is an essential first (and continuing) step (Wasara & Ganda, 2019). Financial information disclosure entails; share price information, liquidity ratios and summary of financial statements. In the investing world, corporations issue disclosures to provide investors and investment analysts with information that could influence an investor's decision whether to buy a company's stock or bonds. The disclosure statement can reveal negative or positive news and financial information about the company

Forward- Looking Information Disclosure

Forward-looking information refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance (Hussainey, 2004). It consists of information which explains the company's current and future projections meant to enable financial statement users to assess a firm's future financial performance (Aljifri & Hussainey, 2007). FLDs also include non-financial information including any contingencies surrounding the firm. It contains any information about likely risks and uncertainties that could affect the actual results at the end of the period in the case of interim report. Conflict over whether forward looking information disclosures would be beneficial to users of financial statements is complicated because inadequate empirical evidence exists to support the position that forecasted management information would truly be beneficial to users in their decision making.

Hendriksen (1982) commented on the situation offering that management forecasts would likely aid in the voluntary disclosures. Hendriksen also said that currently available information may help make markets efficient but that an alternative information set might provide an improvement in market efficiency. The forward-looking data disclosed in the financial statements are an object of interest not only of investors but also of competitors. It can be exceptionally dangerous that with an easy access to forward-looking information they could gain knowledge of the investment plans of the entity and its plans for the future. This may be used against the company (Healy and Palep 2001). As a result, companies have to balance between the benefits of universal access to prospective data and the risk of harmful endeavours of the competitors.

Value Added Statement Disclosure

The statement which shows how much value has been created by a concern through utilization of its resources and how it is allocated among the different stakeholders in an accounting period is known as Value Added Statement. The resource includes capital, man power, capacity and other resources. In the same way, the employees, lenders, shareholders or owners, government etc; comes under stakeholder. Thus a Value Added Statement is such a statement, which shows the net value added of a business firm during a certain period of its total transactions. It ascertains, how much of the total net value was added and how it was distributed to the contributors of the value. A value added statement is much more important than income statement.

The income statement reports on its income of shareholders, but value added statement reports on the income earned by a large group of stakeholder, all the providers of capital plus employees and the government. Thus it can say that the value statement shows the wealth or value created and attributed to all stakeholders rather than just the shareholders. Value Added Statement (VAS) is a modified version of the profit and loss account. Like profit and loss account, the VAS reveals the operating performance of a company at a given point in time, using both accrual and matching procedures. The term 'Value added' means the difference between the value of output produced by a firm in a period, and the value of inputs purchased in producing outputs. This statement is

additional statement difference from profit & loss statement. This statement explains wealth generated by businessman and how he has distributed this fund.

Non-Financial Information Disclosure

Although, there are several researchers who have attempted to define non-financial disclosure though there is no conclusion. Juntilla, Kallunki, Karja and Martikainen (2005) defined non-financial disclosure as qualitative information reported in regard to risk management, level and type of corporate social responsibility involvement, risk management strategies and other reporting in relation to partnership with other organization which are not geared towards making profits for an organization. Other such Nuvira (2010) argued that the quantitative or non-quantitative information reported by an organization rather than the tradition financial reporting requirements is known as non-financial voluntary disclosure.

Non-financial data disclosed by the companies within the management report can be divided by their time perspective into forward-looking information and historical information, also known as backward-looking information (Hussainey 2004). It covers, inter alia, future investment activities, forecasted revenues of the entity, sales plans, planned actions in the area of improving the sales offer (Orens and Lybaert 2013). These examples mentioned are projections, which imply that they are burdened with a high degree of risk. Investors, who constitute a large group among recipients of financial statements, tend to consider the prospective data very useful in their decision-making processes (Abed et al. 2016). An unquestionable difficulty when analysing forward-looking data is the lack of their unambiguous definition (Papaj 2017).

Empirical Review

Financial Information Disclosure and Financial Performance

Manokaran, Ramakrishnan, Hishan and Soehod (2018) performed research on influence of financial information disclosure on financial performance of Malaysian Insurance Companies. Moreover, the study examined impact of financial information disclosure on financial performance by use of broad content analysis technique on yearly reports from thirteen local insurance companies within Malaysia over past nine years i.e. 2008-2017. The relationship between financial information disclosure and ROA and ROE was tested by use of correlation analysis. Results revealed a positive and significant association between financial information disclosure and Financial Performance.

In South Africa, Wasara and Ganda (2019) examined the association between financial information disclosure and firm financial performance of listed mining companies in JSE. The study sample consisted of 10 listed mining companies in JSE, and data was obtained from sustainability reports for duration of 5 years between 2010 and 2014. Moreover, in regard to this, content analysis method was adopted during data collection. The association between information disclosure and ROI was analyzed using multi-regression analysis. Results indicated a negative association between information disclosure and ROI. Further, the study revealed positive correlation between social

disclosure and ROI. This means that by an increase in ROI, an increase in mutual reporting of social disputes leads to increase financial performance.

Anese (2018) examined the relationship between financial information disclosure requirements and performance of selected firms in the listed food and beverage manufacturing companies in Nigeria. This study became necessary so as to determine if listed food and beverage manufacturing companies in Nigeria have been complying with the disclosure requirements and its effect on their financial performance. The findings revealed that the food and beverage manufacturing companies complied with the disclosure requirements up to an extent of 67.02% and that IAS 1, IAS 16, IAS 18 and IAS 23 were all positively related to ROCE. This implies that increase in compliance with disclosure requirements will lead to an increase in performance of the companies. The study concluded that the financial information disclosure requirements especially those of the explanatory variables (IAS 1, 16, 18 and 23) considered in this study have a positive impact in driving the financial performance of companies in the food and beverage manufacturing sector of Nigeria.

Al-Homaidi, Tabash and Ahmad (2020) empirically examined the relationship between the extent of voluntary disclosure level and profitability of Yemeni Islamic banks. This article adopted a self-constructed disclosure index, composed of 266 items, to measure the level of voluntary disclosure information and its association with the profitability of 30 annual reports of Yemeni Islamic banks, over a ten-year reporting period from 2005 up to 2014. The results with respect to profit after tax (PAT), the results indicate that background about the Islamic bank, corporate social disclosure, and bank age has a negative and significant effect with profit after tax.

Musyoka (2017) assessed the influence of financial information disclosure on financial performance of various firms quoted at NSE. Correlation research design was deployed to achieve the study objective. The study targeted 64 companies which are currently quoted in NSE. Forty-three actively trading companies between 2006- 2015 were selected by use of Purposive sampling. Study results revealed a positive significant association between disclosures on financial policy, sales growth, policy of investment, financial liquidity, research and advancement as well as firm performance. Moreover, these voluntary disclosures explained 63% of the variations in firm performance.

Marime (2017) conducted a study on association between voluntary financial information disclosure and value of registered insurance companies within Kenya. A causal research design was deemed appropriate when intending to determine whether an alteration in independent variable cause adjustment in dependent variable and specific to this study voluntary disclosure (independent variable) and firm value (dependent variable) of the insurance companies listed in NSE. This study targeted all the 47 Kenyan insurance companies as at December 2016. The study concluded that financial information disclosure has a positive and significant effect on firm image and consequently its value. To avoid speculation by investors and other stakeholders, insurance firms need to clearly substantiate where their capital come from and any policy followed and incase of any constraints posed by the capital it need to be well stipulated.

Forward Looking Information Disclosure and Financial Performance

Papaj-Wlisłocka and Strojek-Filus (2019) examined the general concept of forward-looking information disclosures and their associations with risk factors. The research method applied in the theoretical part of the paper is a critical analysis of the available literature and law regulations on the topic. The paper also features an empirical part which examines the forward-looking information in financial statements of companies quoted on the Warsaw Stock Exchange. There is a very limited number of studies that cover forward-looking disclosures in Poland. Therefore, a preliminary study conducted in this paper might serve as a basis for an extended research. The study bases on the content analysis method, which along with the usage of text analysis software is a widespread tool in international studies. General results indicate a relatively low level of forward-looking information disclosures, which could indicate an aversion towards risk in accounting. However, a variation of results among industries may be observed.

In Saudi Arabia, Mahboub (2019) conducted a study on the influence of forward-looking information disclosure in yearly reports on performance of various commercial banks. Moreover, the target population of interest comprised of 29 Lebanese commercial banks for the period 2008-2017. Disclosure index methodology was adopted for each bank in the sample. The results indicate that three of the bank specific characteristics i.e., size, leverage and age have insignificant, but positive correlation with level of forward-looking information disclosure; whereas profitability, liquidity, and capital expenditures have positive influence on level of this disclosure.

Zhafarina (2017) conducted research on influence of forward-looking information disclosure on financial performance of companies quoted in Indonesia. The study population was all companies quoted in Indonesia Stock Exchange and also published their yearly report in the period between 2012 and 2015. Purposive sampling was used to select a total sample of 119 companies. The study findings demonstrated that firm size, sector type and profitability positively influenced forward-looking disclosure. However, liquidity and leverage negatively influenced forward-looking disclosure. Nevertheless, forward-looking disclosure had no effect on firm performance.

Bravo (2016) investigated whether forward-looking disclosures and corporate reputation lead to a reduction in stock return volatility. The study measured financial forward-looking information, by conducting a content analysis of annual reports for a sample of US companies. Since every annual report was manually examined and coded, the study was therefore restricted to the companies listed in Standard and Poor's 100. Results showed that financial forward-looking information had significant effects on capital markets. This study contributes to the current literature on voluntary disclosure, by examining the link between the disclosure of financial forward-looking information and stock return volatility. Since stock volatility is linked to information asymmetries and to a higher risk of a company, this analysis implies certain practical implications for both managers and regulators regarding the importance of specific disclosure strategy in capital markets. Moreover, results indicate that forward-looking information disclosed by companies of a higher reputation has a greater effect on stock return volatility.

Waweru, Memba and Njeru (2016) conducted a study on the association between forward looking information disclosure and Financial Performance of various Non-Financial Firms quoted in NSE, Kenya. The study deployed descriptive cross-sectional research design. Moreover, census of forty five non- financial companies quoted in NSE was also taken. Further, this study deployed secondary panel data comprised in yearly reports of non-financial firms quoted in NSE. Results indicated significant as well as positive linear association between forward-looking information disclosure and financial performance of a firm measured by use of Tobin‘s Q of quoted Kenyan non-financial firms. The researcher concluded that quoted nonfinancial firms ought to voluntary disclose to all stakeholders concerning their forward-looking information.

Value Added Statement Disclosure and Financial Performance

Waweru (2018) envisaged to determine the effect of voluntary disclosures on market performance of non-financial firms listed in the Nairobi Securities Exchange (NSE). The study employed descriptive cross-sectional research design. A census of 45 non- financial firms listed in NSE, was taken. The study used secondary panel data contained in the annual reports of non-financial firms listed in NSE, Kenya. The data was extracted from the NSE hand book for the period 2011-2015 and from companies' websites. This was complemented by semi-structured questionnaires which were given to 45 Chief Executive Officers. The results revealed that there was a significant positive effect of value added statement disclosure and firm market performance measured by Tobin's Q of listed non-financial firms in Kenya. Based on these findings the study concluded that value added statement disclosure, forward looking information disclosure, human resource accounting information disclosure, non-financial information disclosure and management discussions and analysis disclosure were key to market performance of non-financial firms listed in NSE.

Islam (2019) examines at what extent Bangladeshi Companies publish Value Added Statement voluntarily along with general purpose financial statements. From the sample of 241 companies listed in Dhaka Stock Exchange it has been found that 109 companies published the value added statement representing about 45% of the total company analyzed. However, the extent of publication in financial sector is greater than non-financial sector and it has been found that 60% of the financial companies published VAS whereas only 35% of non-financial companies published VAS separately. The voluntary Disclosure of Value Added Statement in Financial Reporting-A Study on listed Companies of Bangladesh.

Bagieńska (2016) aimed to identify operating enterprises realizing the strategy of social responsibility in the ways of reporting on the information regarding added value as well as preparing the conception of a report indicating the direction of allocation of the generated added value for building financial, human and social capital of a firm. Desk study, a comparative analysis of the methods of presenting the added value in the reporting of enterprises which provide a value-added statement or using GRI indicators. The presentations of the essence of reporting on the added value shows that it is a tool complementing the informational value of the compulsory annual report both for internal and external stakeholders. The value-added statement included in the integrated reports of international partnerships shows the dimension of the generated added value and its distribution among stakeholders. The indicator GR4 EC1- Direct Economic Value Generated and Distributed

(EVG&D) proposed by the Global Reporting Initiative for reporting the social responsibility of a business - does not determine the added value, but shows mainly the distribution of generated income for covering operational costs and payments for various stakeholders, including the local community.

Ianniello (2020) examined some of the theoretical issues regarding the publication of the value added statement as a voluntary disclosure in the process of accounting communication. The social and economic motivation to use value added reporting is linked to the general process of disclosing financial information in a certain business and cultural environment. In this framework, a question arises about the possible role of the value added statement as a way of accounting communication in the global economy. A survey of 211 published financial statements for the fiscal period 2003 of Italian listed companies shows that the publication of the value added statement in the annual reports is a marginal phenomenon. However, the industrial and services firms voluntarily present in their annual report and income statements rearranged to expose the (industrial) value added by only looking at the production perspective, with a possible interpretation in terms of cost efficiency.

Mandal and Goswami (2018) analyzed value added ratios of Steel Authority of India Ltd. Value added ratios were calculated on the basis of value-added statements and analysed. This paper focuses on how the value-added ratios were helpful to the company to measure the productivity and efficiency of an organization. The study is exclusively a descriptive research and thus it is purely based on the information from secondary data sources. The data collected for the purpose of the study involve the examination of annual reports of the company, documents, magazines, books, journals, various newspapers, and subject related websites and research documents. The study concentrated on the critical analysis of data available from the financial statement. Data are compiled after considering necessary re-arrangement for the purpose of the study. The results indicated that value added ratios disclosure influenced financial performance.

Non-Financial Information Disclosure

Mohammad, Salleh, Ismail and Chek (2014) examined the influence of non-financial information disclosure on firm profitability. The study purposively selected annual financial statement of listed companies. Data was analyzed using multiple regression analysis. Results of the study found that non-financial disclosure had the highest influence on firm profitability. From the findings it was concluded that non-financial voluntary disclosure provides insightful information of the quality of firm performance and there are minimal chances of financial disclosure.

Emuebie, Olaoye and Ogundajo (2021) examined the impact of social and environmental disclosure on the performance of Nigeria consumer goods' producing companies using multiple regression analysis while the sample constitute 16 out of 20 companies listed as consumer goods sector. The study found that social and environmental disclosure had significant effect on return on assets while firm size and age had no significant control in the effect of social and environmental disclosure on ROA. Also, social and environmental disclosure had insignificant effect on earnings per share (EPS) but firm size and age had significant control in the effect of social and environmental disclosure on EPS. The study concluded that social and environmental disclosure has significant impact on the

performance of manufacturing companies in Nigeria. It was opined that managers should ensure that information about their social practices is well communicated in an understandable manner to the stakeholders, and thus the stakeholders would be able to comprehend, value and process it in taking meaningful decision about the firm, and that disclosure should be country-specific; every country should design the benchmark, rules and guidelines befitting their environment for such to be impactful.

El Moslemany and Etab (2017) sought to establish the relationship between corporate social responsibility disclosure and financial performance in the Egyptian banking sector. Only three banks were included in the study because Corporate Social Responsibility is a new concept that has not yet been fully established in the banking sector in Egypt. Secondary data were obtained from the annual financial reports of the banks for the period from 2008 to 2011. The results indicated an insignificant relationship between the independent variables (corporate social responsibility toward environment, community, customer, and employee) used in the model and the dependent variables Corporate Financial Performance. The results of the study proved the absence of a significant relationship between the dependent and the independent variables as a whole. Yet, some relationships were found concerning individual measures.

Matope and Vaye (2022) assessed the impact of voluntary non-financial disclosure on selected listed companies. In terms of scope, the study involved 50 Swedish companies with mandatory non-financial disclosure requirements and 76 international companies with voluntary non-financial disclosure. A period of 7 years was considered in the study that secondary data of manufacturing firms from 2014 to 2020 was used. Results showed that energy management and corporate social responsibility have a negative but insignificant impact on profitability. Whilst diversity on board showed a positive impact on profitability, this impact was insignificant. Size of the firm was the only variable which showed a positive significant impact on profitability. It was concluded that disclosure of information on energy management, corporate social responsibility and diversity on board have no significant impact on financial performance of manufacturing companies regardless of whether they engage in voluntary or mandatory non-financial disclosure. More so, it was concluded that voluntary non-financial disclosure has no short-term impact on profitability of manufacturing firms.

Omaliko, Nwadialor and Nweze (2020) investigated the effect of Non-Financial Disclosures on performance of non-financial firms' in Nigeria. The study is vital as it portrays the extent to which non-financial disclosures influences firms' performance. In order to determine the relationship between non-financial disclosures (NFDs) and firms' performance, NFDs key proxy variables were used in the study, namely Intellectual Capital Disclosure, Risk Management Disclosure and Corporate Governance Disclosure while firms' performance on the other hand is represented by return on equity. Three hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using panel regression model operated with STATA 15. Ex Post Facto design was adopted and data for the study were obtained from the Nigerian Stock Exchange Factbook and the published annual financial reports of the entire non financial firms quoted on NSE with data spanning from 2011-2018. The findings generally indicate that Intellectual Capital Disclosure, Risk Management Disclosure and Corporate Governance Disclosure have

exerted significant influence on firms' performance (ROE) at 5% significant level. Based on this, the study concludes that non financial disclosures have positively improved firms' performance over the years.
Hazaima, Low and Allen (2017) explored the impact corporate social responsibility (CSR) disclosure has on the financial performance of industrial companies operating in Jordan. The study adopts a quantitative methodological approach. The study makes use of content analysis in order to extract data about the independent variable (CSR disclosures). The dependent variable is the average share price of companies in the sample. The total population is 67 industrial companies listed in Amman Stock Exchange (ASE), and the sample comprises of 65 of these companies. The three hypotheses were declined statistically and findings revealed a negative correlation between CSR disclosures and the financial performance of industrial companies located in Jordan.

Nikkhoo and Lindbo (2021) examined corporate non-financial disclosure NFD impact on firm performance (ROA). The research design used Ex Post facto Design and collected data from 10 listed industrial goods purposefully selected from the entire listed industrial goods in Nigeria Stock Exchange NSE from 2015-2019. We applied three independent variables of NFD: (Intellectual capital disclosure ICD, Risk Management Disclosure RMD, Corporate Governance disclosure CGD) and this is shown in qualitative form using sentences and words counts in the annual report of the sampled firms for the five-year period. The three predictable variables show positive significant impact on firm performance ROA and indicate that: ICD as a NFD has significant and positive impact on ROA; RMD as a NFD has significant and positive impact on ROA; and CGD as a NFD has significant and positive impact on ROA in Nigeria industrial goods

Agostini, Costa and Korca (2022) investigated the impact of Directive 2014/95/EU on both the quantity and quality of non-financial disclosure (NFD) and its relationship with corporate financial performance (CFP) in 20 Italian listed companies. The current study considers both the annual reports (AR) and social and environmental reports (SER) released two years prior (2015–2016) and two years after (2017–2018) the Directive's application. The findings show that the Directive affected the quantity of NFD, but not the quality, and that a transfer of information occurred from the different reporting mediums considered. Overall, NFD quality is significant and positively associated with CFP when measured by ROA and ROE, however, the mandatory NFD quality following the Directive does not show a significant relationship with CFP.

King'wara (2020) using panel data set from companies listed on the Nairobi Securities Exchange in Kenya, a developing country, this paper examines the potential influence of corporate social responsibility disclosure (CSRD) on corporate financial performance. Using data from annual reports, CSRD information was collected for the period 2007-2015 using quantitative content analysis while financial performance data was collected for the period 2008-2016, a one-year lag behind CSRD data. Control variables were firm size, industry type and leverage. There was found to be no statistically significant impact of CSRD on financial performance. Since neutrality of the relationship is empirically proven, the conclusion is that CSRD has little or no contribution to financial performance and the implication is that effective financial reporting for companies listed on the NSE does not include reporting on CSR activities.

Alhassan and Islam (2019) examined the effect of environmental and social disclosures on the financial performance of oil and gas companies in Nigeria. The study formulates two hypotheses to guide the study and uses a panel regression model in testing the statistical parameter estimates. Ex Post Facto design was adopted and data were collected from the NSE Factbook and published financial statements of the oil and gas companies listed in the NSE with data ranging from 2010-2019. The findings of the study show that corporate environmental and social disclosures have a significant impact on companies' performance at a 5% significant level. Because of this, the study concludes that environmental and social disclosures have improved companies' performance over the years

Critique of Existing Literature

There are some empirical studies showing that voluntary disclosures influence financial performance for firms listed in the various security markets around the world. However, there is no clear consensus among the various authors regarding voluntary disclosure and firm performance. There are relatively few studies that have been conducted on this area more so in the Kenyan context. A study conducted by Jullobol and Sartmool (2015) on the effect of firm performance on voluntary disclosure in annual reports is a major deviation from other related studies. According to the researcher firm performance was the independent variable while voluntary disclosure was the dependent variable.

Aksu and Kosedag (2017) investigated the relationship between transparency and disclosure and firm performance in the Istanbul stock exchange with a sample of fifty five firms. The study associated the T&D scores of 52 public Turkish firms with accounting based (return on assets and return on equity) and market based (excess returns) performance measures. The results showed significant differences in financial performance in relation to T&D scores. Choi, Kwak and Choe (2018) studied voluntary disclosure and corporate financial performance. They focused on only one voluntary disclosure that is non-financial disclosure information. The authors found a positive relationship between profitability level of a company and corporate social and environmental disclosure.

Lang and Lundholm (2016) investigated on the cross-sectional determinants of analyst ratings of voluntary disclosures. Their study focused on the determinants of disclosure and they further investigated the relationship between disclosure, firm size and performance. Lang and Luncholm studied twenty seven firms disclosure and analyzed the data using descriptive statistics. Disclosure was measured by the financial analyst and federation reports (FAF). The study concluded that there existed a positive relationship between firm performance, firm size and disclosure level. In agreement with Lang and Luncholm (1993) findings was a study conducted by Naran, (2013) on the effect of company size and voluntary disclosure on financial performance of commercial banks listed in NSE in Kenya. The study found that a strong relationship exist between the voluntary disclosures, firm size and financial performance.

Several research studies evidence the relevance of voluntary disclosures and its effect on the cost of capital. They point out that companies which have increased the level of voluntary disclosures

show a lower cost of capital (Manokaran et al., 2018; Waweru, 2018; Islam, 2019). Contrary, Iatridis and Alexakis (2020), Nguyen et al (2022) and Najah and Jarboui (2013) found a negative association between voluntary disclosures and the cost of capital. Prior studies present different viewpoints on the effect of profitability on the Accounting disclosure quality (Sarikhani & Saif, 2017). Studies such as (Habbash, Hussainey & Awad, 2016; Fathi, 2013; Uyar, Kilic, & Bayyur, 2013, Takhtaei et al., 2014; Al-Asiry, 2017) found a significant positive relationship between profitability and financial reporting quality. The quality of information is more for a firm with a higher performance. Such a relationship exists because firms do not voluntarily provide rich accounting disclosures when they are not performing well and firms that perform well voluntarily disclose detailed accounting information (Iatridis & Alexakis, 2012).

Furthermore, management of companies which have more profits are motivated to disclose more information to support continuance of firms position and to increase its compensation (Naser, Al-Khatib, & Karbhari, 2002). On the contrary, Monday and Nancy (2016) and Ebrahimabadi and Asadi (2016) found a negative relationship between profitability and quality of the information disclosure. This finding can be explained by the fact that competitive costs of disclosure increase when the firm is highly profitable; thus, companies do not want to utilize their advantage to competitors and therefore the quality of information disclosed could decrease (Prencipe 2004). Other studies (Agyei-Mensah, 2013; Haji & Ghazali, 2013; Hosseinzadeh, Kangarlouei, & Morteza, 2014; Mahboub, 2017) found an insignificant relationship between profitability and FDQ.

Research Gaps

Most research studies on voluntary disclosures and firm performance do not specifically identify the content making the disclosure items. For instance, (Onyekwelu & Uche, 2014; Waweru et al., 2016) studied voluntary disclosures in annual reports and firm performance. None of the studies made an effort to elaborate on the specific disclosure items, instead the researchers generalized the voluntary disclosures. This research study tried to elaborate the specific disclosures such as value-added statement, forward-looking information, human resource accounting information, non-financial disclosure information, management discussions and analysis on firm performance.

From empirical review above in this study, there are very few voluntary disclosures researches that have been done in Kenya. Notably among them are Barako (2007). Who studied the determinants of voluntary disclosures in Kenyan companies annual reports (1992-2001) and found that disclosures of all type of information are influenced by corporate governance attributes, ownership structure and corporate characteristics; Mathuva (2012) who found that forward looking disclosures mitigate information asymmetry between management and shareholders in the study of determinants of forward-looking disclosures in interim reports for non-financial firms and finally Wangari (2014) who conducted a research on effect of voluntary disclosures on the financial performance of commercial banks in Kenya. However all studies conducted did not focus on voluntary disclosures and performance except Wangari who looked at voluntary disclosures of commercial banks. This research will fill the gap by studying effect of voluntary disclosures on financial performance of manufacturing firms listed in NSE.

There have been a large number of empirical works on the linkage between voluntary disclosure (disclosure and performance) and firm performance, but the results are quite inconclusive (Al-Malkawi & Javaid, 2018). Margolis and Walsh (2001) conduct meta-analyses and find that for the link between voluntary disclosure and firm performance, about half of the empirical studies documented a positive effect of non-financial information disclosure, while a quarter suggesting no significant relationship, 5% indicating a negative relationship and the rest documenting ambiguous results. More recently, the situation has not changed much. For example, Choi et al. (2010), Sun (2012), Van der Laan et al. (2008), H. Chen et al. (2011), and Wu (2006) provide evidence on a positive link between voluntary disclosure and financial performance. On the other hand, a negative association between the two has also been frequently documented, e.g., Lopez et al. (2007), Cavaco and Crifo (2014). Another meta-analysis conducted by Wang et al. (2016) shows support for a positive association between non-financial information disclosure and firm financial performance. However, Wang et al. (2016) note that the impact of non-financial information disclosure tends to be more beneficial in developed countries, i.e., the non-financial information disclosure -CFP link is moderated at least by some institutional factors.

Throughout the literature review, there are still several significant gaps to fill. First, importantly, Al-Malkawi and Javaid (2018) and Oh and Park (2015) claim that there has been little research in the context of emerging markets. Meanwhile, Cui et al. (2015) and Wang et al. (2016) pinpoint that developing countries have different customers' concerns and less developed institutional systems and inefficient market mechanisms, which might hinder the preferable effects of non-financial information disclosure on firm performance. Studies including Han et al. (2016) and those studied in Brooks and Oikonomou (2018) used ESG data (Environmental, Social and Governance Score), but the last component focuses more on the governance aspect of a firm and is available chiefly for firms in developed countries.

Extant studies have examined the voluntary disclosures, but little has been done with regard to financial performance. Understanding which aspect of non-financial information disclosure tends to have a positive effect on firm performance is important in directing resources for investment in such aspects, while ensuring that the less efficient aspects are monitored more closely. This suggests that it is important to also examine various aspects of accounting disclosures, which remains quite silent.

Summary of the Literature Review

This chapter discussed in details the various study variables that included: Value added statement disclosures, forward looking information disclosure, financial information disclosure and non-financial information disclosure as well financial performance. This research reviewed the theories relevant to the study. This chapter covers emphatically the empirical literature reviews in related areas of the study. The theoretical literature supports the voluntary disclosures, information asymmetry and firm performance.

There have been debates and controversies on the effect of voluntary disclosures in annual reports on companies' performance. Not any of the studies dwelt on specific voluntary disclosures and

financial performance of non-financial firms. This research envisaged studying association of specific voluntary disclosures on firm performance. The independent variables will be categorized into four voluntary disclosures namely; Value Added Statement, Forward-looking information, financial information disclosure and non-financial information disclosure.

RESEARCH METHODOLOGY

This chapter represents the research methodology that will be adopted to establish the influence of voluntary disclosures on financial performance among listed manufacturing firms at the NSE. It also shows the research design, the study population, sample frame, data collection methods, data collection procedures, and data analysis and presentation.

Research Design

Akonga (2014) defined descriptive research as one which involves collecting data so as a researcher can be able to study a given research topic. It helps in understanding the characteristics of a given group and assists in good planning of various aspects. In this study, descriptive research design was used so as to ensure that quality data was collected and hence enhance accuracy of the findings. This research design was also concerned with characteristics of individuals and whole sample and it provided information useful to solutions of problems. The design has been used by various researchers such as (Ahmed & Javid, 2009; Bopkin, 2010; Hafeez & Attiya, 2008; Al- Najjar, 2009; Kun Li & Chung Hua, 2012, Musiega, et al., 2013).

Target Population

Saunders et al. (2012) explain that the population is the full set of cases or items from which an appropriate sample is taken to study. A population element, however, is the individual item on which measurement is taken. Further, Cooper and Schindler (2014) asserts that population refers to the gathering of all elements about which the research wishes to make inferences. The population of interest in this study was manufacturing firms listed in NSE, whose number stood at 8 as at 30th Dec, 2022. According to the list obtained from the Nairobi Securities Exchange website, there were a total of 8 listed manufacturing companies (NSE, 2022). This study took the entire population of the eight listed manufacturing firms using census technique.

Sampling Frame

Cooper and Schindler (2014) define sampling frame as a list of elements from which the sample is collected and it is closely associated to the population; that is from the sampling frame the required number of subjects, respondents, elements and firms are selected in order to make a sample, so it is important that the sampling frame is unbiased, current and accurate. The sample frame for this study was all the 8 listed manufacturing firms at the NSE.

Sample Size and Sampling Techniques

Cooper and Schindler (2014) define a sample as a group of cases consisting of a portion of the target population that the researcher carefully selects for analysis in order to determine facts about that population. Thus, the larger the population size, the smaller the percentage of the population required to get a representative sample, however Cooper and Schindler (2014) further asserted that the greater the desired precision of the estimate, the larger the sample should be. But Mugenda and Mugenda (2008) asserted that if the target population is less small (less than 100), then a census method can be adopted, that is, when the study population is not large, sampling techniques are not necessarily applied as this could increase sampling error. Therefore, since the target population is small, a census method was adopted to select all the 8 manufacturing firms listed at NSE.

Data Collection Instruments

Secondary data was collected from NSE handbooks through an introductory letter from the university which facilitated the acquisition of NSE handbooks. The researcher then contacted NSE and requested NSE handbook between 2018 and 2022. The research used secondary data collection sheet as per the conceptualized study variables then collected secondary data from audited financial statements of manufacturing firms as indicated in Appendix 1. The data collected was used to compute ratios for individual study variables.

Data Collection Procedures

Polit and Beck (2010) explains that secondary data is very important since collecting primary data is usually very costly and it consumes a lot of time in the whole research process. Secondary data for each of the variables was collected. The data collection procedure involved getting the financial statements from the NSE and individual firm's websites. The published accounts of the firms from the period 2018-2022 were used so as to obtain data. The data was then organized and financial ratios computed using Excel program in order to obtain the study variables.

Pilot Study

Ng'ang'a (2017) states that the purpose of a pilot study is not so much to test research hypothesis, but rather to test protocols, data collection instruments, sample recruitment strategies, and other aspects of a study in preparation for a major study. Piloting involves testing the validity and reliability of the data collection instrument.
Secondary panel data which is multi-dimensional and a combination of time series and cross-sectional data were used. Cross-sectional data collected by observing many subjects at the one point or period of time. Secondary data was collected from 8 listed manufacturing Firms at the NSE using schedule collection sheet between 2018 and 2022.

Measurement of Variables

The disclosure index is used as a measure for disclosure quality/quantity in prior studies which includes studies by Mutawaa and Hewaidy, (2010) and Cooke, (1998). Disclosure indexes refer to the degree or level of disclosure by the sampled companies. The financial statements for each company were subjected to the voluntary disclosures checklist shown in Table 3.1. Each of the annual financial reports were carefully scrutinized against the checklist to identify the sampled companies` compliance with applicable disclosures. Each voluntary disclosure was computed as a ratio of items disclosed for each class in relation to the total disclosure items in the index for each category. The scores for each category were summed up and recorded to facilitate the process of data analysis.

Each of the disclosure items on the checklist was scored without weighting. Using un-weighted disclosure checklist in this study was based on the argument that disclosure indexes provide the same results with whether the disclosure items will be examined weighted or un-weighted (Marston & Shrives, 1996). Another study also concluded that there is no significant difference between the results based on weighted and un-weighted disclosure indexes (Robbins &Auston, 1986). Based on that, each item in the disclosure checklist used in this study was scored as applicable and disclosed which means, if a sampled company applied an item it was scored (1) or applicable but not disclosed (0). This means that an item scored (1) if it applied a company and its disclosed in the company`s annual report, that is, the company was in compliance with IASB-disclosure requirement, or scored (0) if otherwise.

The value of each index range from 0 to 1. The higher the value of index the higher the level of compliance with IASB-disclosure requirements (Mutawaa & Hewaidy, 2010). The following equation as developed by Cooke (1998) was used to calculate the disclosure index:

$$DI=\frac{\sum_{i=1}^{m} di}{\sum_{i=1}^{n} di}$$

Where: DI= disclosure index;

di = index item i, 1 if the information (item) is disclosed and 0 if otherwise;

m = number of items actually presented;

n = number of total items required

Table 3. 1: Measurement of Variables

Variable	Name of Variable	Operationalization	Measurement
Dependent variables	Financial Performance	• Liquidity ratios	Profit After Tax/Total Assets
Independent Variables	Financial Information Disclosure	• Liquidity ratios • Summary of financial statements • Statement concerning wealth created	(Actual items disclosed/Total possible items in the Financial information Disclosure)X100

	Forward-Looking Information Disclosure	• Future sales forecasts • Earnings per share forecast • Profit Forecast	(Actual items disclosed/Total possible items in the forward-looking information Disclosure) X100
	Value-Added Statement Disclosure	• Tax Payable • Turnover • Employee's Wages and Benefits	(Actual items disclosed/Total possible items in the value added statement Disclosure) X100
	Non-financial information disclosure	• Corporate Social Responsibility Costs • Corporate Governance Disclosure • Risk Management	(Actual items disclosed/Total possible items in the non-financial information disclosure) X100

Data Processing and Analysis

Both descriptive and inferential statistics were computed using STATA 15. Descriptive statistics refer to methods of organizing and summarizing data, for this study frequencies and percentages as well as measures of central tendency (means) and dispersion (standard deviation) were used. Inferential statistics refer to methods of drawing conclusions from sample data about a population. For this study, regression and correlation analysis was used to determine both the nature and the strength of the relationship between study variables. Correlation analysis is usually used together with regression analysis to measure how well the regression line explains the variation of the dependent variable. The regression and correlation analyses were based on the association between two (or more) variables. Data was presented in form of tables and graphs. The study's regression model is as shown below

$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon$

Where;

Y =Financial Performance for firm (i) in period (t)

β_0 = the regression constant

β_1, β_2, β_3 and β_4 the coefficients of independent variables

X_{1it} = Financial information disclosure for firm (i) in period (t)

X_{2it} = Forward-looking information disclosure for firm (i) in period (t)

X_{3it} = Value-added statement disclosure for firm (i) in period (t)

X_{4it} = Non-financial information disclosure for firm (i) in period (t)

ε error term of the model (significance level of the model).

Panel data has five key assumptions, which include linear relationship, data has no multi collinearity, no homoscedasticity, auto-correlation, unit root and Hausman Test.

Test of Normality

To fulfill the requirement of normal distribution, to examine whether variables are distributed normally or not Jarque Bera was used (Sahu, 2013). The test of null-hypothesis is that population is distributed normally. Hence, rejection of null hypothesis is done if p-value is lower than selected alpha level, and there is a proof that tested data are however not obtained from population that is distributed normally; in few words, data are abnormal. In contrast, if p-value is beyond selected alpha level (0.05), null hypothesis that data originate from a given population that is distributed normally cannot be rejected.

Multicollinearity Test

Multicollinearity refers to a phenomenon in which either two or more predictor variables within multiple regression model are greatly related, implying that one can be predicted linearly from others with considerable degree of correctness. In this survey, testing of multicollinearity was done by deploying Variance Inflation Factor (VIF). The VIF quantifies multicollinearity severity in a regression analysis of ordinary least squares (Singpurwalla, 2013). It gives an index that gauges the variance (square of standard deviation estimate's) of an approximated regression coefficient is improved as a result of collinearity. Moreover, general rule of thumb indicates VIFs beyond 4 indicates more research, whilst VIFs beyond 10 are indicators of serious multicollinearity necessitating correction.

Autocorrelation Test

Autocorrelation give rise to bias and hence spurious estimates. Additionally, serial correlation normally denotes that there is association between stochastic random error terms of following time periods (Bryman, 2013). In order to test for this, present study used Breusch-Godfrey LM test for association. The Breusch–Godfrey serial correlation LM test is an autocorrelation test in the errors within a regression model. Moreover, it normally uses residuals from the model under consideration in any regression analysis and a test statistic is obtained from these. Moreover, null hypothesis is that there is absence of serial association.

Heteroscedasticity Test

In regression analysis application, existence of heteroscedasticity is a key affair, including variance analysis, as it can invalidate significance statistical tests which believe that modeling errors are uniform as well as uncorrelated - thus their variances don‘t differ with impacts being modelled (Creswell, 2014). For example, while estimator of ordinary least squares is yet unbiased in presence of heteroscedasticity, it is not efficient since true covariance and variance and are underestimated. The study used Breusch-Pagan/Cook-Weisberg test in order to assess for Heteroscedasticity. Breusch-Pagan or Cook-Weisberg tests null hypothesis that there is no heteroscedasticity in a data.

Unit Root Test

In order to examine data stationarity, this survey employed The Im, Pesaran and Shin (IPS) test. The Im-Pesaran-Shin (IPS) test sanctions for heterogeneous coefficients. Im, Pesarian and Shin meant IPS suggests a test for unit roots presence in panels which integrates information from time series dimension with that from cross section dimension (Bryman & Cramer, 2012). Given that IPS test is a very superior test to analyse panel data. Under null hypothesis, there exists unit root, whereas under substitute hypothesis is that there exists a partial unit root.

Hausman Test

Hausman Test, also referred to as Hausman specification, is deployed in endogenous repressors detection in regression model (Sahu, 2013). In regression model, endogenous repressors presence may bring about estimators of OLS to fail. Due to this it is believed that association is not existence between error term and predictor variable. Null hypothesis is that random impact is preferred model whereas fixed impact mode is alternative hypothesis.

RESEARCH FINDINGS AND DISCUSSIONS

This chapter entails analysis of data, presentation, interpretation and discussion of research findings based on the objectives of the study. The main objective of this study was to establish the relationship between voluntary disclosures and financial performance of listed manufacturing companies on NSE in Kenya. The study specifically sought to establish relationship between financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure on financial performance. Descriptive statistics, regression and correlation analysis have computed to aid in discussing the findings. The findings are presented in tables and figures.

Descriptive Statistics

In order to describe the features and characteristics of the data set, the study computed descriptive statistics. It provided a summary of the data and measures used in the study. Some of the descriptive statistics that were used were measure of spread as well measure of central tendency. In this study, measure of spread used included minimum, values, standard error standard deviation and maximum values. The measures of central tendency in this data set include mean. The study calculated standard deviation, mean, maximum and minimum values Between 2018 and 2022 for all the variables both dependent variables, financial performance, and the independent variables, financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure. The descriptive statistics for the variable are presented in Table 4.1.

Table 4. 1: Descriptive Statistics

Measures	Financial information disclosure	Value-added statement disclosure	Non-financial information disclosure	Forward-looking information disclosure	ROA

Observations	40	40	40	40	40
Min	0.666667	0.25	0.3333	0.3333	-1.24019
Max	1	1	1	1	0.466957
Mean	0.858333	0.6625	0.5533	0.533333	0.072348
Std Dev.	0.16688	0.223248	0.266747	0.270064	0.264391
Skewness	0.303433	-0.13237	0.117243	-0.03516	-3.07758
Kurtosis	1.092072	2.293576	2.141478	2.517578	2.663

Financial Information Disclosure

From Table 4.1, financial information disclosure was calculated by average of the following financial information disclosures: Liquidity ratios (LR); • Summary of financial statements (SFS); • Statement concerning wealth created (SWC) between 2018 and 2022. From 2018 to 2022, financial information disclosure ranged from 66.7% to 100% with a mean of 85.8% and standard deviation of 16.7%.

Table 4. 2: Descriptive Statistics- Financial Information Disclosure

stats	Liquidity ratios	Summary of financial statements	Statement concerning wealth created
N	40	40	40
min	1	1	0
Max	1	1	1
Mean	1	1	0.575
Sd	0	0	0.500641

From Table 4.2, liquidity ratios and summary of financial statements was disclosed by all 8 listed manufacturing firms while statement concerning wealth created was disclosed at 57.5%.

Forward-Looking Information Disclosure

Forward-looking information disclosure was calculated by average of the following forward-looking information disclosures: Future sales forecasts (FSF); Earnings per share forecast (EPS); Profit Forecast (PF). Between 2018 and 2022, forward-looking information disclosure ranged from 33.3% to 100% with a mean of 53.33% and standard deviation of 27.0%.

Table 4. 3: Descriptive Statistics- Forward-Looking Information Disclosure

Stats	Future sales forecasts	Earnings per share forecast	Profit Forecast
N	40	40	40
Min	0	0	0.333
Max	1	1	1
Mean	0.525	0.5	0.575
Sd	0.505736	0.50637	0.500641

From Table 4.3, future sales forecasts were disclosed at 52.5% while earnings per share forecast was disclosed at 50% and profit Forecast was disclosed at 57.5%.

Value-Added Statement Disclosure

Value-added statement disclosure was calculated by average of the following value-added information disclosures: Tax Payable (TP); Turnover (TO); Employee's Wages and Benefits (EWB). Between 2018 and 2022, Value-added statement disclosure ranged from 25.0% to 100% with a mean of 66.3% and standard deviation of 22.3%.

Table 4. 4: Descriptive Statistics- Value-Added Statement Disclosure

stats	Tax Payable	Turnover	Employee's Wages and Benefits
N	40	40	40
Min	0	0	0
Max	1	1	1
mean	0.65	0.75	0.6
Sd	0.483046	0.438529	0.496139

From Table 4.4, tax payable were disclosed at 65.0% while turnover was disclosed at 75.0% and employee's wages and benefits were disclosed at 60%.

Non-financial Information Disclosure

Non-financial information disclosure was calculated by average of the following non-financial information disclosures: Corporate Governance Disclosure (CGD); Risk Management Disclosure (RMD); Corporate Social Responsibility Disclosure (CSRD). Non-financial information disclosure ranged from 33.3% to 100% with a mean of 55.3% and standard deviation of 26.7%.

Table 4. 5: Non-Financial Information Disclosure

Stats	Corporate Governance Disclosure	Risk Management Disclosure	Corporate Social Responsibility Disclosure
N	40	40	40
Min	1	0	0
Max	1	1	1
Mean	1	0.33	0.33
Sd	0	0.503832	0.438529

From Table 4.5, corporate governance disclosure was disclosed at 65.0% while turnover was disclosed at 75.0%, Risk Management Disclosure at 65.0% and Corporate Social Responsibility Disclosure was disclosed at 33.3%.

Financial Performance

Financial performance which is the dependent variable was determined using returns on Assets. From Table 4.1, observing overall statistics as obtained from panel data, between 2018 and 2022, financial performance ranged from -1.240 to 0.466 with a mean of 0.072 and standard deviation of 0.2643.

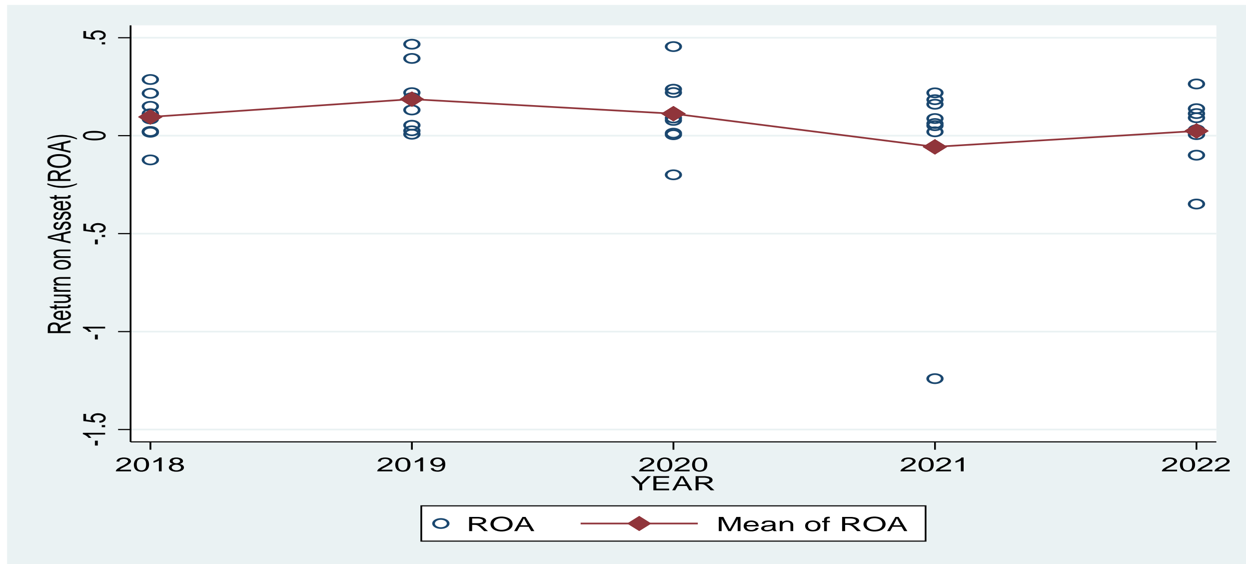

Figure 4. 1: Scatter Plot for Financial Performance

Diagnostic Tests

The study undertook several diagnostic tests to evaluate the suitability of the research model. Some of the diagnostic tests computed were normality, multicollinearity, autocorrelation, and heteroscedasticity tests. The test was also used to measure the distribution and suitability of data to make inferences and satisfaction of regression analysis assumptions.

Normality Test

Normality was tested using skewness, Kurtosis and Jargue-Bera. Skewness of value smaller than 2 and kurtosis value smaller than 6 should be considered normal (Tabor, 2011).

Table 4. 6: Normality Test

Stats	Financial Performance	Financial information disclosure	Value-added statement disclosure	Non-financial information disclosure	Forward-looking information
Skewness	-3.07758	0.303433	-0.13237	0.117243	-0.03516
Kurtosis	2.663	1.092072	2.293576	2.141478	2.517578
Jargue-Bera	2.681	.9485	1.32	1.008	3.61
Probability	.2618	.6223	0.5168	0.604	.1605

From Table 4.6, all variables have Skewness less than 2. This implies that were normally distributed and the data was adequate and met the assumption of normality. This observation was also supported by kurtosis values which were less than 6. The study also used a more robust technique known as Jarque-Bera (JB) to further ascertain the normality. The study failed to reject the null hypothesis since the probability value for Jarque-Bera was greater than 5% for study variables.

Multicollinearity Test

This test was conducted by Variance Inflated Factor (VIF) measuring the variance in the inflated regression coefficients as compared to the predictor variable which are not linearly related. Generally, a VIF of 1 indicates no correlation, 1-5 moderately correlated and 5-10 highly correlated.

Table 4. 7: Multicollinearity Test

Variables	Tolerance	VIF
Financial information disclosure	.977	1.024
Forward-looking information disclosure	.967	1.034
Value-added statement disclosure	.961	1.041
Non-financial information disclosure	.966	1.036

From the findings in above table 4.7, the independent variables had a VIF of less than 10 an indicator that the variables did not have linear relationship among themselves, particularly there were no multicollinearity. From the results, all the variables had a VIF of less than 5 hence there was no multicollinearity problem, therefore the data was suitable for analysis.

Auto Correlation Test

Because serial correlation in linear panel-data models biases the standard errors and causes the results to be less efficient, researchers need to identify serial correlation in the idiosyncratic error term in a panel-data model.

Table 4. 8: Testing for Serial Correlation (Independence)

Wooldridge test for autocorrelation in panel data
H0: no first order autocorrelation
F(1, 7) = 1.106
Prob > F = 0.3279

The study employed Wooldridge test for autocorrelation to test this assumption. The study sought to test the null hypothesis that no first order serial correlation existed. From the finding presented in table 4.8, the study concluded that there was no serial correlation of first order since the p-value (p-value=0.3279) was greater than 0.05 leading to the study to fail to reject the null hypothesis. The results indicated that the data adhered to the assumption of residuals not being correlated across time hence adequate for panel regression analysis

Heteroscedasticity Test

Heteroscedasticity is a situation whereby there is equal variability across range of values of the second factor predicting it (Vinod, 2018). The pilot study performed Breuch-Pagan test with the aim of testing heteroscedasticity. The impact of violating the assumption of homoscedasticity is a matter of degree, increasing as heteroscedasticity increases. The null hypothesis for the test was that variance or error terms are equal (Vinod, 2018). If the value is greater than 0.05 then it is evident that homoscedasticity does not exist (Park, 2018). The outputs are as indicated in table 4.9.

Table 4. 9: Breuch-Pagan Test for Heteroscedasticity

H: Constant Variance			
Statistics	df	Stat Value	P-Value
Chi-square	8	78.95	0.082

From the findings presented in the table 4.9, P-Value of 0.082 is greater than the selected level of significance which was 0.05. Therefore, the null hypothesis stood the test that the data does not suffer from heteroscedasticity.

Test of Linearity

This refers to the degree to which the change in the dependent variable is related to the change in the independent. Linearity was determined using P-P plots as illustrated in Figure 4.2. The figure shows that the points are relatively lying along the straight diagonal line from bottom left to top right; this indicates a linear relationship between independent and dependent variables.

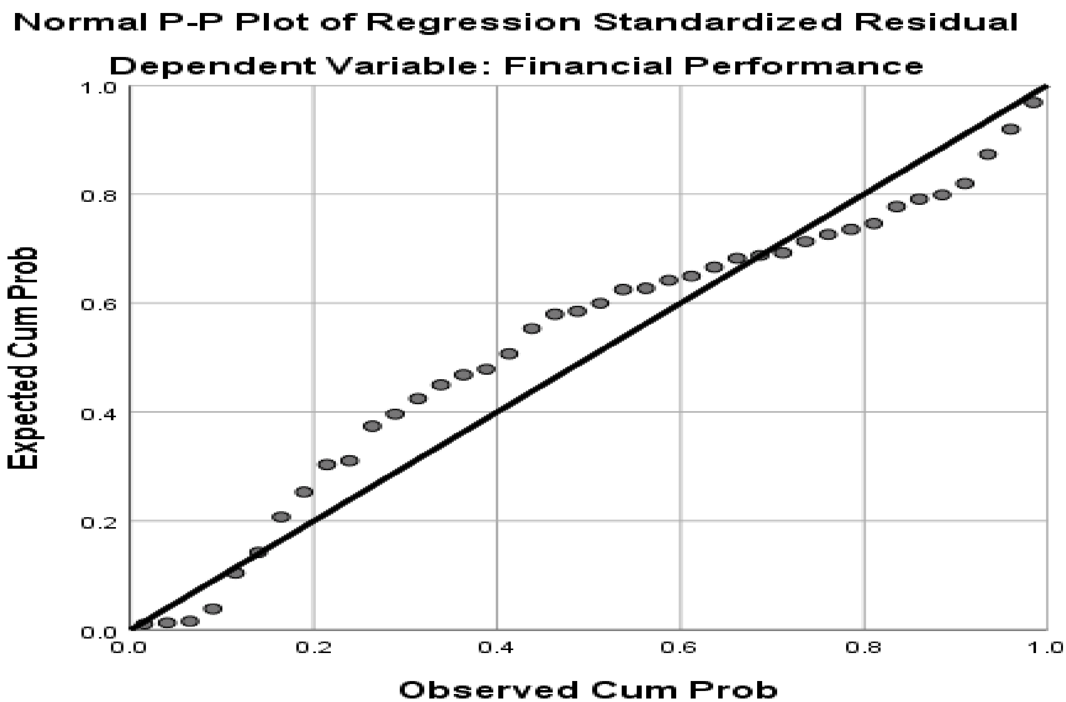

Figure 4. 2: Linearity Test

Model Specification

In statistics, the Ramsey Regression Equation Specification Error Test (RESET) test is a general specification test for the linear regression model. More specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. One or more important variables might not be in the model, or one or more irrelevant variables might be in the model. If important variables are left out of the model, the common variance they share with other variables may be wrongly attributed to those variables, and the error term gets bigger. It can also happen that irrelevant variables are included in the models. If they are, the common variance they share with other variables may be wrongly attributed to them. Model errors can have a big impact on how well

the regression coefficients are estimated. Because the p-value is a little above.05, we don't have any problems with this model.

$Y= \beta_0+ \beta_1X_{it} + \beta_2X_{it} + \beta_3X_{it}+ \beta_4X_{it} +\varepsilon$

Where:

Y = Financial performance

β_0=Intercept term

$\beta_{1,2,3,4}$=coefficients of the independent variables

X_1= Financial information disclosure

X_2= Forward-looking information disclosure

X_3=Value-added statement disclosure

X_4= non-financial information disclosure

$_i$= Time in years

$_t$= Individual Listed manufacturing companies

ε= error term

Table 4. 10: Model Specification

Ramsey	RESET test	using powers of the fitted	values ROA
	Ho: model	has no omitted variables	
		F(3, 32) = 1.31	
		Prob > F = 0.2897	

Unit Root Test

The study used Im, Pesaran and Shin (IPS) to test for the presence of unit roots in panels that combine data from the dimension of the time series with that of the cross-section dimension, so that fewer time observations are required for power to be available for the test. The results are indicated in Table 4.11.

Table 4. 11: Unit Root Test

Variable	Im, Pesaran and Shin (IPS) unit-root Test
Financial Performance	11.938**
	0.0000
Financial information disclosure	6.337*
	0.0110
Forward-looking information disclosure	14.281**
	0.000
Value-added statement disclosure	17.734**
	0.000
Non-financial information disclosure	19.0129 *
	0.000

** sig at 1% level, *sig at 5% level

A p-value above 0.05 indicates the presence of unit roots, whereas a p-value under 0.05 indicates that the unit roots were not present for Im, Pesaran and Shin (IPS) tests. The results indicated that there was absence of unit root for the study variables. This showed that all variables are stationery, there was no problem of unit root, and the results can proceed for further inferential statistics.

Hausman Test (Choice Specification)

The study determined whether to run a fixed effects model or a random effects model when conducting panel data analysis. The null hypothesis is that the preferred model is random effects; the alternate hypothesis is that the model is fixed effects. The p-value was considered significant at 5% and any value below that FEM was to be selected while a value above that then REM was to be selected. The results are indicated in Table 4.12.

Table 4. 12: Hausman Test

	(b) Fixed	(B) Random	(b-B) Difference	sqrt(diag(V_b-V_B))S.E.
Financial information disclosure	0.40538	0.34397	0.06141	0.065498
Forward-looking information disclosure	0.33458	0.22553	0.10905	0.088956
Value-added statement disclosure	0.11397	0.05134	0.06263	0.029436
Non-financial information disclosure	0.16392	-0.0034	0.16732	0.107981

b = consistent under Ho and Ha; obtained from xtreg
B = inconsistent under Ha, efficient under Ho; obtained from xtreg
Test:Ho:difference in coefficients not systematic
chi2(4) = (b-B)'[(V_b-V_B)^(-1)](b-B)
= 14.713
Prob>chi2 = 0.0061

Results in the table 4.12 indicated a prob>chi2 value of 0.0061 which is less than critical P value at 0.05 level of significance which implies that the null hypothesis that a random effect model is the best was rejected. The study hence adopted a fixed effect regression model.

Correlation Analysis

Correlation analysis was employed in assessing the linearity association among the variables. The value of the correlation coefficient ranges between -1 and +1 where +1 value indicated a perfect positive relationship between the variables and a value -1 indicates perfect positive relationship between variables. If the correlation coefficient value is 0 it implies that there is no relationship existing between the variables under consideration. A correlation coefficient of between of 0.0 and 0.19 is considered very weak, between 0.20 and 0.39 is considered weak, between 0.40 and 0.59 is considered moderate, between 0.6 and 0.79 is considered to be strong and between 0.80 and 1.0 is considered very strong.

The study conducted Pearson moment correlation analysis. Using the correlation coefficient, the study tested whether interdependency existed between the predicator variables and whether there was any relationship between response variable financial performance and predicator variables financial information disclosure, Forward-looking information disclosure, non-financial information disclosure and value-added statement disclosure. The pertinent results are summarized in Table 4.13.

Table 4. 13: Pearson Correlation Analysis

		FP	FID	FLID	VASD
Financial information disclosure	Pearson Correlation	0.3616	1		
	Sig. (2-tailed)	0.0219			
	N	40	40		
Forward-looking information disclosure	Pearson Correlation	0.4827	0.4437	1	
	Sig. (2-tailed)	0.0016	0.0041		
	N	40	40	40	
Value-added statement disclosure	Pearson Correlation	0.5658	0.1818	0.2858	1
	Sig. (2-tailed)	0.0001	0.2616	0.0739	
	N	40	40	40	40
Non-financial information disclosure	Pearson Correlation	0.1107	0.2406	0.382	0.204
	Sig. (2-tailed)	0.4965	0.1348	0.015	0.2067
	N	40	40	40	40

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

FID=Financial information disclosure, **FLID**=Forward-looking information disclosure, **VASD**=Value-added statement disclosure, **NFID**= non-financial information disclosure, **FP**=Financial performance

The results indicated that the financial information disclosure has a significant positive weak relationship on the financial performance of listed manufacturing firms at NSE (r = 0.3616, P=0.0219). The findings are in agreement with Manokaran et al (2018) revealed a positive and significant association between financial information disclosure and Financial Performance.

Forward-looking information disclosure has a moderate positive and significant relationship on the financial performance of listed manufacturing firms at NSE (r =0.4827, P=0.0016). These results are in agreement with Papaj-Wlisłocka and Strojek-Filus (2019) who revealed that forward Looking Information Disclosure influences Financial Performance. In Saudi Arabia, Mahboub (2019) indicated that profitability, liquidity, and capital expenditures have positive influence on level of this disclosure.

Value-added statement disclosure has a moderate positive and significant relationship on the financial performance of listed manufacturing firms at NSE (r =0.5658, P-0.0001). The findings are in tandem with Waweru (2018) envisaged to determine the effect of voluntary disclosures on market performance of non-financial firms listed in the Nairobi Securities Exchange (NSE). The results revealed that there was a significant positive relationship of value-added statement disclosure and firm market performance measured by Tobin's Q of listed non-financial firms in Kenya. Islam (2019); Bagieńska (2016); Ianniello (2020); Mandal and Goswami (2018)

Non-financial information disclosure has a positive moderate and significant relationship on the financial performance of listed manufacturing firms at NSE (r =0.1107, P=0.4965). The results are in agreement with King'wara (2020) found to be no statistically significant impact of CSRD on financial performance. Agostini, Costa and Korca (2022) found NFD quality is significant and

positively associated with CFP when measured by ROA and ROE. Nikkhoo and Lindbo (2021) showed a positive significant impact on firm performance ROA and indicate that: ICD as a NFD has significant and positive impact on ROA; RMD as a NFD has significant and positive impact on ROA; and CGD as a NFD has significant and positive impact on ROA in Nigeria industrial goods. However, Mohammad, Salleh, Ismail and Chek (2014) who examined the influence of non-financial information disclosure on firm profitability. Results of the study found that non-financial disclosure had the highest influence on firm profitability. Emuebie, Olaoye and Ogundajo (2021) concluded that social and environmental disclosure has significant impact on the performance of manufacturing companies in Nigeria.

Linear Regression Analysis

Relationship between Financial Information Disclosure and Financial Performance

The study sought to examine the relationship between Forward-looking information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The first null hypothesis denoted, **H_{01}:** Financial information disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE. Having gone by the fixed effect model basing on the Haussmann LM test, the results of the fixed effect model are presented in Table 4.14.

Table 4. 14: Regression Fixed Effect of Financial Information Disclosure

Fixed-effects (within) regression		Number of obs =	40
Group variable: FIRMID		Number of groups =	8
R-sq:		Obs per group:	
within =	0.0785	min =	5
between =	0.1612	avg =	5
overall =	0.1307	max =	5
		F(1,31) =	4.59
corr(u_i, Xb) = 0.0904		Prob > chi2 =	0.0401

FP	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
FID	0.09233	0.043086	2.14	0.040	0.004455	0.18020
_cons	3.40901	0.482026	-7.07	0.000	-4.39211	-2.42591

The analysis shows that the panels were strongly balanced for this bivariate analysis as shown by the number of observations per group. There was a total of 40 observations used in this analysis considering 8 groups of entities implying strongly balance panels. The minimum, maximum and average numbers of observations per groups were all equal to 5.

The R^2 is generally a measure of the variation of the dependent variable profitability that is explained by the variation of the predictors in the model. The result obtained from fixed effect model indicated that financial information disclosure accounted for 13.07% (Overall R square=0.1307 of the variation in financial performance of manufacturing firms listed at Nairobi

Securities Exchange, Kenya. The ANOVA statistics measure the general significance of the model. The F-statistic to the model shows is 4.59 which is greater than 0 implying that the estimated parameters in the model are at least not equal to zero. This infers that forward-looking information disclosure has an effect on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya.

The estimated coefficient of financial information disclosure is significantly not equal to zero (β=0.09233, t= 2.14, p-value= 0.040). The P-value is less than 0.05 which implies that the estimated coefficient is significant at 5% significance level. The estimated coefficient of forward-looking information disclosure here implies that a unit increase in Forward-looking information disclosure would cause the levels of financial performance to increase by 0.092 units. The p-value of the constant is less than 0.05 which shows a significant constant term. The regression model is as shown below

Financial performance= 3.40901+0.09233FID

The study therefore rejected the null hypothesis that financial information disclosure does not affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya and hence that there is significant relationship between financial information disclosure and financial performance. This implies that increase in financial information disclosure would results to increase in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Anese (2018) concluded that the financial information disclosure requirements especially those of the explanatory variables (IAS 1, 16, 18 and 23) considered in this study have a positive impact in driving the financial performance of companies in the food and beverage manufacturing sector of Nigeria. Musyoka (2017) revealed a positive significant association between disclosures on financial policy, sales growth, policy of investment, financial liquidity, research and advancement as well as firm performance. Moreover, these voluntary disclosures explained 63% of the variations in firm performance. Marime (2017) conducted a study on association between voluntary financial information disclosure and value of registered insurance companies within Kenya. The study concluded that financial information disclosure has a positive and significant effect on firm image and consequently its value.

Relationship between Forward-Looking Information Disclosure and Financial Performance

The study sought to determine the relationship between forward-looking information disclosures and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The second null hypothesis denoted, **H_{02}:** Forward-looking information disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE. Having gone by the fixed effect model basing on the Hausman LM test, the results of the fixed effect model are presented in Table 4.15.

Table 4. 15: Regression Fixed Effect of Forward-Looking Information Disclosure on Financial Performance

Fixed-effects (within) regression				Number of obs =		40
Group variable: FIRMID				Number of groups =		8
R-sq:				Obs per group:		
within =		0.1544		min =		5
between =		0.2767		avg =		5
overall =		0.2330		max =		5
				F(1,31) =		5.66
corr(u_i, Xb) = -0.1388				Prob > chi2 =		0.0237

FP	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
FLID	0.464867	0.195388	2.38	0.024	0.066371	0.86336
_cons	-1.80143	0.381515	-4.72	0.000	-2.57954	-1.02333

The analysis shows that the panels were strongly balanced for this bivariate analysis as shown by the number of observations per group. The result obtained from fixed effect model indicated that forward-looking information disclosure accounted for 23.3% (Overall R square=0.2330) of the variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The ANOVA statistics measure the general significance of the model. The F-statistic to the model shows is 5.66 which is greater than 0 implying that the estimated parameters in the model are at least not equal to zero. This infers that forward-looking information disclosure has an effect on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The effect is significant at $P<0.05$.

The estimated coefficient of forward-looking information disclosure is significantly not equal to zero (β=0.464867, t=2.38, p-value= 0.024). The P-value is less than 0.05 which implies that the estimated coefficient is significant at 5% significance level. The estimated coefficient of forward-looking information disclosure here implies that a unit increase in forward-looking information disclosure would cause the levels of financial performance to increase by 0.464867 units. The p-value of the constant is less than 0.05 which shows a significant constant term. The regression model is as shown below

Financial performance = -1.80143+0.464867FLID

The study therefore rejected the null hypothesis that forward-looking information disclosure does not affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya and hence that there is a relationship between forward-looking information disclosure on financial performance. This implies that increase in forward-looking information disclosure would results to increase in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Zhafarina (2017) conducted a research on influence of forward-looking information disclosure on financial performance of companies quoted in Indonesia.

The study findings demonstrated that firm size, sector type and profitability positively influenced forward-looking disclosure. Bravo (2016) investigated whether forward-looking disclosures and corporate reputation lead to a reduction in stock return volatility. Results show that financial forward-looking information has significant effects on capital markets. Waweru, Memba and Njeru

(2016) conducted a study on the association between forward looking information disclosure and Financial Performance of various Non-Financial Firms quoted in NSE, Kenya. Results indicated significant as well as positive linear association between forward-looking information disclosure and financial performance of a firm measured by use of Tobin‘s Q of quoted Kenyan non-financial firms

Relationship between Value-Added Statement Disclosure and Financial Performance

The study sought to determine the relationship between value-added statement disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The third null hypothesis denoted, **H_{03}:** Value-added statement disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE. Having gone by the fixed effect model basing on the Haussmann LM test, the results of the fixed effect model are presented in Table 4.16.

Table 4. 16: Regression Fixed Effect of Value-Added Statement Disclosure on Financial Performance

Fixed-effects (within) regression		Number of obs =	40
Group variable: FIRMID		Number of groups =	8
R-sq:		Obs per group:	
within =	0.1575	min =	5
between =	0.4853	avg =	5
overall =	0.3504	max =	5
		F(1,31) =	5.79
corr(u_i, Xb) = 0.2161		Prob > chi2 =	0.0222

FP	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
VASD	0.07876	0.032721	2.41	0.022	0.01255	0.14503
_cons	0.058559	0.040562	1.44	0.159	-0.02417	0.14128

The result obtained from fixed effect model revealed that value-added statement disclosure accounted for 35.04% (Overall R square=0.3504) of the variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The ANOVA statistics measure the general significance of the model. The F-statistic to the model is 5.79 which is greater than 0 implying that the estimated parameters in the model are at least not equal to zero. This postulates that value-added statement disclosure has a relationship on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. This effect is significant at $P<0.05$.

The estimated coefficient of value-added statement disclosure is significantly not equal to zero (β=0.07876, t= 2.41, p-value= 0.022). The P-value is less than 0.05 which implies that the estimated coefficient is significant at 5% significance level. The estimated coefficient of value-added statement disclosure here implies that a unit increase in value-added statement disclosure would trigger the levels of financial performance to increase by 0.07876 units. The p-value of the constant is less than 0.05 which shows a significant constant term. The regression model is as shown below

Financial performance =0.058559+0.07876VASD

The study therefore rejected the third null hypothesis that value-added statement disclosure does not affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya and thus that there is an effect of value-added statement disclosure on financial performance. This implies that increase in value-added statement disclosure would results to increase in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The findings are in tandem with Waweru (2018) envisaged to determine the effect of voluntary disclosures on market performance of non-financial firms listed in the Nairobi Securities Exchange (NSE). The results revealed that there was a significant positive effect of value added statement disclosure and firm market performance measured by Tobin's Q of listed non-financial firms in Kenya. Islam (2019); Bagieńska (2016); Ianniello (2020); Mandal and Goswami (2018)

Relationship between Non-Financial Information Disclosure and Financial Performance

The study sought to determine the relationship between non-financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The fourth null hypothesis denoted, **H_{o4}:** Non-financial information disclosure has no significant effect on financial performance of listed manufacturing companies in NSE. Having gone by the fixed effect model basing on the Haussmann LM test, the results of the fixed effect model are presented in Table 4.17.

Table 4. 17: Regression Fixed Effect of Non-Financial Information Disclosure on Financial performance

Fixed-effects (within) regression		Number of obs =	40
Group variable: FIRMID		Number of groups =	8
R-sq:		Obs per group:	
within =	0.1126	min =	5
between =	0.0182	avg =	5
overall =	0.0123	max =	5
		F(1,31) =	3.93
corr(u_i, Xb) = 0.1435		Prob > chi2 =	0.0562

FP	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
NFID	0.205282	0.103504	1.98	0.056	-0.00581	0.41637
_cons	-1.7754	0.463195	-3.83	0.001	-2.72009	-0.8307

The result obtained from fixed effect model indicated that non-financial information disclosure accounted for 1.23% (Overall R square=0.0123) of the variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The F-statistic to the model shows is 3.93 which is greater than 0 implying that the estimated parameters in the model are at least not equal to zero. This implies that non-financial information disclosure has an effect on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. However, the effect is insignificant at $p<0.05$ (P=0.056).

The estimated coefficient of non-financial information disclosure is significantly not equal to zero (β=0.205282, t= 1.98, p-value= 0.056). The P-value is greater than 0.05 which implies that the estimated coefficient is insignificant at 5% significance level. The estimated coefficient of non-financial information disclosure here implies that a unit increase in Non-financial information disclosure would initiate the levels of financial performance to increase by 0.205282 units. The regression model is as shown below

Financial performance= -1.7754+0.205282 NFID

The study therefore fails to reject the null hypothesis that non-financial information disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE and thus that there is no significant relationship between non-financial information disclosure and financial performance. This implies that increase in non-financial information disclosure would results to increase in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya though not significantly. El Moslemany and Etab (2017) indicated an insignificant relationship between the independent variables (corporate social responsibility toward environment, community, customer, and employee) used in the model and the dependent variables Corporate Financial Performance. Matope and Vaye (2022) concluded that disclosure of information on energy management, corporate social responsibility and diversity on board have no significant impact on financial performance of manufacturing companies regardless of whether they engage in voluntary or mandatory non-financial disclosure. Hazaima, Low and Allen (2017) declined statistically and findings revealed a negative correlation between CSR disclosures and the financial performance of industrial companies located in Jordan.

However, Nwadialor and Nweze (2020) indicated that Intellectual Capital Disclosure, Risk Management Disclosure and Corporate Governance Disclosure have exerted significant influence on firms' performance (ROE) at 5% significant level. Based on this, the study concludes that non-financial disclosures have positively improved firms' performance over the years. Alhassan and Islam (2019) showed that corporate environmental and social disclosures have a significant impact on companies' performance at a 5% significant level.

Multiple Linear Regression

Regression analysis was used to check for the hypothesis concerning the connection of independent variables with dependent variables. The main aim of regression analysis is to show how and extent of which each variable separately affects the dependent variables. Regression analysis is used in estimating the weight of the effects of the independent variables on the dependent variable.

Model Summary

Model summary is used to show the percentage of dependent variable that can be explained by changes in the independent variable. The model summary was used to show the amount of changes in financial performance that can attributes to changes in Financial information disclosure, Forward-looking information disclosure, Non-financial information disclosure and Value-added statement disclosure. In this regression, the four independent variables were entered as a block. Both fixed

and random effect model were fitted and the Table 4.18 below shows the model summary of the adopted fixed effect model.

Table 4. 18: Model Summary Fixed Effect of Voluntary Disclosure

Fixed-effects (within) regression				Number of obs =	40
Group variable: FIRMID				Number of groups =	8
R-sq:				Obs per group:	
within = 0.3483				min =	5
between = 0.4365				avg =	5
overall = 0.4032				max =	5
corr(u_i, Xb)	=	0	(assumed)	F(4,28)=	19.54
				Prob > F=	0.0006

The analysis shows that the panels were strongly balanced for this multivariate analysis as shown by the number of observations per group. There were a total of 40 observations used in this analysis considering 8 groups of entities implying strongly balance panels. The minimum, maximum and average numbers of observations per groups were all equal to 5. The result obtained from fixed effect model indicated that the determinants accounted for 40.32% (Overall R square=0.4032) of the variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The F-statistic to the model shows is 19.54 which is greater than 0 implying that the estimated parameters in the model are at least not equal to zero. This implies that four voluntary disclosures have an effect on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. This effect is significant (P=0.0006).

Regression Coefficient

Regression coefficients are estimates of the unknown population parameters and describe the relationship between a predictor variable and the response. In linear regression, coefficients are the values that multiply the predictor values. P-values and coefficients in regression analysis work together to tell which relationships in the model are statistically significant and the nature of those relationships. The coefficients describe the mathematical relationship between each independent variable (voluntary disclosures) and the dependent variable (Financial performance). The p-values for the coefficients indicate whether these relationships are statistically significant. The results are presented in Table 4.19.

Table 4. 19: Regression Coefficient

FP (Y)	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
FID(X_1)	0.405377	0.146845	2.76	0.006	0.117567	0.693187
FLID(X_2)	0.334582	0.153474	2.18	0.029	0.033779	0.635384
VASD(X_3)	0.11397	0.043281	2.63	0.014	0.025313	0.202627
NFID (X_4)	0.163917	0.091385	1.79	0.073	-0.01519	0.343028
_cons	-2.37335	0.847544	-2.80	0.005	-4.03451	-0.71219

The study regression model as obtained from table above is as shown below.

$$Y=-2.37335+0.405377X_1+0.334582\ X_2+0.11397\ X_3+0.163917\ X_4$$

Where:
Y = Financial performance
X_1= Financial information disclosure
X_2= Forward-looking information disclosure
X_3= Value-added statement disclosure
X_4= non-financial information disclosure
As shown in Table 4.15, in the absence of four voluntary disclosure constructs, performance of listed manufacturing firms will be -2.37335 at 0.05 significance level. A unit increase in financial information disclosure across time and among listed manufacturing firms at NSE would result in a significant increase of 0.405377 units in financial performance. A unit increase in forward-looking information disclosure across time and among listed manufacturing firms at NSE in Kenya would result to significant increase of 0.334582 units in financial performance. A unit increase in value-added statement disclosure across time and among listed manufacturing firms at NSE in Kenya would result in a significant increase of 0.11397 units in financial performance. A unit increase in non-financial information disclosure across time and among listed manufacturing firms at NSE in Kenya would result in insignificant increase of 0.163917 units in financial performance.

$H0_1$. Financial information disclosure has no significant relationship between financial performance of listed manufacturing companies in NSE.

From the findings, financial information disclosure had a regression co-efficient (β_1) of 0.405377, p=0.006 implying that when forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure are controlled, a unit increase in financial information disclosure across time and among listed manufacturing firms at NSE would result in a significant increase of 0.405377 units in financial performance. Since the t value is greater than 1.96 and P value is less than 0, the first null hypothesis was rejected as financial information disclosure does significantly affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya.

These findings support stakeholder theory by Freeman (1984) which addresses moral values in the management of an organization and how the organization relates with its key stakeholders. The theory relates to the contracts between entities comprising contacts in the market economy, corporate social responsibility and social contracts. Within a corporate entity, stakeholders are the entities or persons who influence or are influenced by the policies, decisions and actions of the company. Therefore, the top management in the entity is obligated to involve stakeholders in decision making in the organization and strike a balance between the interests of the organization's stakeholders and the management.

The stakeholder theory was used in this study to establish how organizations can use financial information disclosure to inform stakeholders how it plans and accounts for its key resource to enhance investor confidence. Stakeholder theory indicates that disclosure of practices and information is the minimum acceptable form of accountability to stakeholders to enable them makes decisions regarding their relationships with the firm. The findings therefore, support the theory.

The study findings are in agreement with the findings by Anese (2018) concluded that the financial information disclosure requirements especially those of the explanatory variables (IAS 1, 16, 18 and 23) considered in this study have a positive impact in driving the financial performance of companies in the food and beverage manufacturing sector of Nigeria. Musyoka (2017) revealed a positive significant association between disclosures on financial policy, sales growth, policy of investment, financial liquidity, research and advancement as well as firm performance. Moreover, these voluntary disclosures explained 63% of the variations in firm performance. Marime (2017) conducted a study on association between voluntary financial information disclosure and value of registered insurance companies within Kenya. The study concluded that financial information disclosure has a positive and significant effect on firm image and consequently its value.

However, Wasara and Ganda (2019) examined the association between financial information disclosure and firm financial performance of listed mining companies in JSE. Results indicated a negative association between information disclosure and ROI.

$H0_2$. Forward-looking information disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE

The study established that Forward-looking information disclosure had a regression co-efficient (β_2) of -0.334582, p=0.029 implying that when value-added statement disclosure, financial information disclosure and non-financial information disclosure are controlled, a unit increase in forward-looking information disclosure across time and among listed manufacturing firms at NSE in Kenya would result to significant increase of 0.334582 units in financial performance. The t value is greater than 1.96 and P value is less than 0, the second null hypothesis was rejected as forward-looking information disclosure does significantly affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya.

These findings support the signalling theory by Ross (1977) which proposes that when two parties in a contract have access to different information, one party must find mechanisms to communicate (or signal) that information to the other party for either party to have confidence or to trust each other. The fundamental concern of the signalling theory is to reduce information asymmetry between parties in the organization or in contracts. Signalling theory hypothesizes that when a firm has valuable future information that it seeks to relay to various stakeholders, it must find a mechanism to disclose this information so that investors can make informed decisions regarding investing in the firm. The signalling theory was applied in this study to inform how disclosure of forward-looking information is expected to communicate about the future prospects of the firm to enable current and prospective investors to gain confidence regarding the future outlook of the company. The forward-looking information is aimed at providing guidance to investors so that they can make evidence-based investment decisions. This enables them to have confidence on their ability to interpret the information and make credible decisions.

The study findings on the effect of forward-looking information disclosure on investor confidence support some past studies. Hassanein, Zalata, and Hussainey (2019) who investigated the impact of forward-looking disclosures on the value of non-financial firms in UK FTSE. The study established

that forward looking information disclosure positively influenced the investors' valuation of low and high performing firms. Besides, the findings also contradict the study findings by Waweru (2018) established that forward looking information disclosure is significantly related to market performance. The study findings by Bravo (2016) established that forward looking information disclosure has a significant impact on the capital market thus influencing investor confidence. Further, the study findings also contradict the findings by Bozzolan, Trombetta, and Beretta (2009) showed that verifiable disclosures have an effect on improving accuracy and reducing dispersion of analyst forecast.

However, the findings are not supported by other previous studies. For instance, the findings support the findings by Ng'ang'a (2015) who examined the impact of voluntary disclosure by institutions listed in the NSE. The findings of the study showed that voluntary disclosure which includes forward looking information disclosure has no significant impact on investors' confidence. Another study that supports the findings from this study is the study by Wambugu and Essajee (2016) who investigated the impact of voluntary disclosure of information on the stock returns of listed firms in the NSE. According to the findings, forward looking information disclosure did not significantly influence stocks returns.

$H0_3$. Value-added statement disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE.

From the findings, value-added statement disclosure had a regression co-efficient (β_3) of 0.11397, p=0.014 implying that when financial information disclosure, Forward-looking information disclosure and non-financial information disclosure are controlled, a unit increase in value-added statement disclosure across time and among listed manufacturing firms at NSE in Kenya would result in a significant increase of 0.11397 units in financial performance. The t value is greater than 1.96 and P value is less than 0, therefore the third null hypothesis was rejected as value-added statement disclosure does significantly affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya.

These findings support the agency theory by Jensen and Meckling (1976) whose fundamental foundation is that those people tasked with representing others should wholesomely pledge the corporate resources to maximization of the value of their principals and thereby reducing the agency problem. The theory indicates that due to the information asymmetry that exists between principals (shareholders) and agents (managers), measures must be taken to address this asymmetry. This could be through monitoring (mostly through board of directors), placing restrictions on management and performance-based remuneration or requiring full transparency such as value added statements disclosure. The findings from this study supported the theory's propositions. This theory was used in this study to explain how voluntary accounting disclosures are applied to bridge the information asymmetry between shareholders and management by disclosing value-added statements for enhanced investor confidence. When there is information asymmetry between agents and shareholders, the agents (managers) could seek to voluntarily disclose value added information to the stakeholders which is expected to enhance confidence amongst the various constituents. The findings from this study give credence to this theory.

The study findings on the effect of value-added statement disclosure on investor confidence agree with findings from previous studies. For instance, the current study findings support the findings by Ianniello (2010) who examined the theoretical issues regarding the disclosure of value-added statement as a voluntary disclosure process of accounting communication. The study established that disclosure of value-added statement is a critical source of information for investors. Mutiva (2015) shows that VAS has a significant relationship to financial performance of listed firms. It was conclusive to note that high level of VAS influences the investors' confidence. Moreover, the study findings support the findings by Waweru (2018) established a positive effect of the variable on the firms' performance thus critical in determining investors' confidence. Other studies with similar findings regarding effect of value-added statements disclosure on investor confidence include Blessing and Onoja (2015), Opanyi, (2019), Mutiva (2015), Kimeu (2019), Ianniello (2010) and Akhtaruddin, Hossain, Hossain, and Yao (2009). These studies investigated the relationship between value-added statement disclosure and various firms' aspects such as firm value, financial performance and firm's stock performance among others. The findings however, indicated a positive relationship between value added statement disclosure and the studies from dependent variables. These findings are supported by the findings from this study which established that value added statements disclosure have a positive relationship on investor confidence of non-financial firms listed in the NSE.

$H0_4$. Non-financial information disclosure has no significant relationship on financial performance of listed manufacturing companies in NSE.

Lastly, the results revealed that non-financial information disclosure had a regression co-efficient (β_4) of 0.163917, p=0.073 implying that when financial information disclosure, Forward-looking information disclosure and value-added statement disclosure are controlled, a unit increase in non-financial information disclosure across time and among listed manufacturing firms at NSE in Kenya would result in insignificant increase of 0.163917 units in financial performance. The t value is less than 1.96 and P value is greater than 0, therefore the fourth null hypothesis was not rejected as non-financial information disclosure does not significantly affect financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya.

These findings failed to support the legitimacy theory by Dowling and Pfeffer (1975) which proposes that organizations can establish and implement voluntary disclosures to gain legitimacy amongst its shareholders and other key stakeholders. The theory further indicates that a company can implement voluntary non-financial disclosures to enable them fulfil their social contracts towards shareholders and other publics. Legitimacy theory is hence perceived to provide the purpose of voluntary disclosures to establish its values towards the community and the environment. However, the findings from the study indicated no significant relationship between non-financial information disclosure on investor confidence of the non-financial firms listed in the NSE, thus contradicting the propositions of the theory. The legitimacy theory was applied in this study to explain why organizations are motivated to disclose their non-financial activities as a way to gain legitimacy in the society and make stakeholders have confidence in the organization. Conversely, organizations that fail to disclose their social activities are perceived to be secretive or to be involved

in illegitimate activities. This creates a situation of mistrust in the perspective of the potential and current investors towards such an organization.

However, despite the varying levels of non-financial information disclosure by the non-financial firms listed in the NSE, this did not have a significant relationship on investor confidence. The study findings that non-financial information disclosure has no significant relationship on investor confidence are supported by various previous studies. Specifically, the study supports the findings by Ng'ang'a (2016) who observed that though voluntary disclosure of non-financial information is critical for reputation and transparency of the firm, it is not a major factor influencing investors' confidence among firms listed in the NSE.

A corresponding study by Kalunda (2017) investigated the corporate social reporting practices among firms listed in NSE. The research determined that most institutions engage in reporting corporate social responsibilities. The practice focuses on improving the investors' confidence on managerial transparency and competence. However, this is rarely achieved. Another study supported by the current study findings is by Barako (2017) whose study determined that voluntary disclosure of social information in financial reports is a critical part of building investors' confidence. The prevalence of disclosing social accounting information is critical in improving performance since it makes provision for informed decisions relating to investments.

However, many investors seem focused on financial information and hence disclosure of non-financial information does not influence investor confidence. This was supported by the findings of the current study. The study results of non-financial information disclosure have no significant effect on investor confidence contradict some previous studies. For instance, the findings contradict the results by García-Sánchez and Martínez-Ferrero (2018) who determined that disclosure of non-financial information relating to corporate social responsibility assures transparency and sustainability. According to the authors, it enhances assurance that has a major role in promoting investors' confidence. Moreover, Wang, Shen, and Yang (2020) established that voluntary disclosure of non-financial enhances transparency thus increasing the investors' confidence in relation to future performance.

Besides, the current study findings also contradict the findings by Barakat, Pérez, and Ariza (2015) showed that there is a significant relationship between social information disclosure and corporate governance. Other previous studies that are contradicted by the findings from this study include Barakat, Pérez, and Ariza (2015) who determined that voluntary social information disclosure plays a vital role in enhancing firms' performance and stakeholders' confidence and Wasara and Ganda (2019) who established that social disclosure positively influences return on investment thus affecting investors' confidence. Moreover, Smith, Adhikari, Tondkar, & Andrews (2020) determined that voluntary disclosure of social and environmental information influences the investors' decision-making process. Additionally, Van der Laan Smith, Adhikari, Tondkar, and Andrews (2010) determined that corporate social disclosure impacts the investors' reactions while Waweru (2018) determined that social accounting information disclosure has a significant effect on market performance of non-financial firms listed in the NSE.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of the discussions of the study findings, conclusions that were derived from the study, and recommendations made from the findings of the study. The conclusion and recommendation made are geared towards addressing the study objectives. Finally, it suggests further research areas

Summary

In this section, the study presents summary of findings based on the specific objectives of the study. The general objective of this study was to examine the relationship between voluntary disclosures and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. From this overall objective, the specific objectives were to determine the relationship between financial information disclosure, forward-looking information disclosure, value-added statement disclosure and non-financial information disclosure on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The data for the findings of this study was collected from secondary sources from CMA, NSE and individual firm's websites. Financial ratio was used to measure financial performances. Multiple regressions for a univariate analysis were conducted after the data converted to their natural logs to deal with the problem of large numbers and eliminate heteroscedasticity.

Stationarity of the data was checked; where unit root test was done using Im, Pesaran and Shin (IPS). The reason for having data stationary was to obtain a meaningful sample mean, variance which would show future behavior if series was stationary. Hausman test was done and fixed effects model was adopted. Linear regression for each variable was undertaken then significant variables were retained and used to test the combined effect of independent variables. This was done with aid of STATA version 15.00. The major findings are as follows:

Relationship between Financial Information Disclosure and Financial Performance of Manufacturing Firms Listed at Nairobi Securities Exchange, Kenya

The first objective of the study was to determine the relationship between financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Financial information disclosure was calculated by average of the following financial information disclosures: Liquidity ratios (LR); Summary of financial statements (SFS); Statement concerning wealth created (SWC). Averagely, financial information was disclosed at 85.8%. For specific indicators, liquidity ratios and summary of financial statements was disclosed by all 8 listed manufacturing firms while statement concerning wealth created was disclosed at 57.5%.
Panel data Pearson correlation results show a strong significant positive relationship between financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect simple regression analysis indicated that financial information disclosure has significant positive relationship on financial performance of listed

manufacturing firms. Fixed effect multiple regression analysis revealed that when other variables are controlled in the model, a unit change in financial information disclosure would results to a significant change in financial performance in the same direction.

Relationship between Forward-Looking Information Disclosure and Financial Performance of Manufacturing Firms Listed at Nairobi Securities Exchange, Kenya

The second objective of the study was to establish the relationship between forward-looking information disclosure on financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Forward-looking information disclosure was calculated by average of the following forward-looking information disclosures: Future sales forecasts (FSF); Earnings per share forecast (EPS); Profit Forecast (PF). Averagely, it was disclosed at 53.33%. Specifically, future sales forecasts were disclosed at 52.5% while earnings per share forecast was disclosed at 50% and profit Forecast was disclosed at 57.5%.

Panel data Pearson correlation results revealed a moderate significant positive relationship between forward-looking information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect linear regression analysis indicated that forward-looking information disclosure significantly accounts for variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect multiple regression analysis revealed that when other variables are controlled in the model, a unit change in forward-looking information disclosure would results to a significant change in financial performance in the same direction.

Relationship between Value-Added Statement Disclosure and Financial Performance of Manufacturing Firms Listed at Nairobi Securities Exchange, Kenya

The third objective of the study was to establish the relationship between value-added statement disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Value-added statement disclosure was calculated by average of the following value-added information disclosures: Tax Payable (TP); Turnover (TO);); Employee's Wages and Benefits (EWB). Averagely, it was disclosed at 66.3%. Specifically, tax payable were disclosed at 65.0% while turnover was disclosed at 75.0%, and employee's wages and benefits were disclosed at 60%. Panel data Pearson correlation results revealed a moderate and significant positive relationship between value-added statement disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect linear regression analysis revealed that value-added statement disclosure significantly accounts for variation in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect multiple regression analysis revealed that when other variables are controlled in the model, a unit change in value-added statement disclosure would results to significant change in financial performance by in the same direction.

Relationship between Non-Financial Information Disclosure and Financial Performance of Manufacturing Firms Listed at Nairobi Securities Exchange, Kenya

The fourth objective of the study was to establish the relationship between non-financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Non-financial information disclosure was calculated by average of the following non-financial information disclosures: Corporate Governance Disclosure (CGD); Risk Management Disclosure (RMD); Corporate Social Responsibility Disclosure (CSRD). Non-financial information disclosure. Averagely, it was disclosed at 55.3%. Specifically, corporate governance disclosure was disclosed at 65.0% while turnover was disclosed at 75.0%, Risk Management Disclosure at 65.0% and Corporate Social Responsibility Disclosure was disclosed at 33.3%.

Panel data Pearson correlation results indicated an insignificant positive relationship between non-financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect linear regression analysis indicated that non-financial information disclosure insignificantly accounts for variance in financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. Fixed effect multiple regression analysis revealed that when other variables are controlled in the model, a unit change in non-financial information disclosure would results to insignificant change in financial performance in the same direction.

Conclusions

Based on the empirical evidence, a number of logical conclusions can be made as follows and presented in terms of study objectives: In line with the first objective, relationship between financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The study concluded that financial information disclosure has significant positive relationship on financial performance. An increase in financial information disclosure would results to significant increase in financial performance. Therefore, the study concluded that listed manufacturing firms are able to increase their financial performance when they increase their financial information disclosure on liquidity ratios, summary of financial statements and statement concerning wealth created. The first null hypothesis was rejected.

The second objective of the study was to establish the relationship between forward-looking information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. From the linear and multiple regression results, the study concluded that forward-looking information disclosure has significant positive relationship on financial performance. An increase in forward-looking information disclosure such as future sales forecasts, earnings per share forecast and profit forecast would result to significant increase in financial performance. The second null hypothesis was not supported.

The third objective of the study was to establish the relationship between value-added statement disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange,

Kenya. From the linear and multiple regression results, the study concluded that value-added statement disclosure has significant positive relationship on financial performance. An increase in value-added statement disclosure such as tax payable, turnover, dividend and interest payable, and employee's wages and benefits would result to significant increase in financial performance. Therefore, value-added statement disclosure is a significant predicator of financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The third null hypothesis was not supported.

The fourth objective of the study was to establish the relationship between non-financial information disclosure and financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The study concluded that non-financial information disclosure has insignificant positive effect on financial performance as indicated by multiple linear regressions. An increase in non-financial information disclosure would results to insignificant increase in financial performance. Hence, Non-financial information disclosure is an insignificant predicator of financial performance of manufacturing firms listed at Nairobi Securities Exchange, Kenya. The fourth null hypothesis was supported.

Recommendations

The following recommendations have been made based on the study conclusions as explained below:
The study recommends that listed manufacturing firms should adhere to provisions stipulated by International financial reporting standards and ensure that all relevant financial information is appropriately disclosed to stakeholders. This study thus recommends that the management should improve the disclosure of financial information such as return on assets, return on shareholders' funds, liquidity ratios, bank loans and historical summary of financial data among others. In addition, there is need to increase the level of voluntary disclosure in regard to financial information so as to foster positive firm performance. These can be achieved by examining the various indicators of financial liquidly and making the information more clearly to the common investor with no financial knowledge.

The study recommends that the management should increase the use of forward-looking information disclosure including profit forecast, earnings per share forecast, new product/service development as well as planned research and development expenditure, capital expenditure and advertising and publicity expenditure. These findings also constitute a significant contribution towards the debate concerning the need for the establishment of specific guidelines regarding the disclosure of this financial forward-looking information.

This study recommends that all firms listed in the NSE should critically consider in-depth disclosure of value-added information using value added statements such as tax payable, turnover, dividends and interest payable. The information disclosed in the value-added statements can be used by the organization's stakeholders, particularly the investors, to judge the productivity analysis of the firm, its efficiency, and its ranking among similar firms. This would give potential and current investors key information regarding the firms and whether to invest or divest in it.

The study established that non-financial information disclosure did not significantly influence performance of manufacturing firm. This however, should not mean that these firms should neglect disclosing this information in the annual reports. Rather, the study recommends that listed firm should demonstrate how non-financial information is linked to the financial aspect of their firms. Therefore, to the policy makers, the study recommends that they should develop and implement policies to improve non-financial information disclosure.

Areas for further research

From the limitations of the study, the following are areas for further research. The study focused on four forms of disclosure which include forward-looking information disclosure, value-added statement disclosure, financial information disclosure and non-financial information disclosure. Further studies can focus on other types of disclosures such as strategic and corporate information and capital markets disclosures on financial performance.

The current study did not control or moderate other variables that may have impact on the relationship between voluntary disclosures and financial performances. Therefore, future studies can consider firm size, corporate governance as moderating variable and macro-economic indicators such as interest rate, foreign exchange and taxation as control variables which may have impact on financial performance and voluntary disclosure.

The study was limited to the relationship of the various forms of disclosure on financial performance which was measured using return on Assets. Further studies can focus on other measures of financial performance such as firm value or market capitalization.

Lastly, the study only focused on listed manufacturing firms in Kenya and thus leaving other firms such as financial firms and those firms that are not listed in the NSE. Therefore, further study could focus on other listed firms other than manufacturing firms.

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