VOLUNTARY CORPORATE DISCLOSURE AND THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA.

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE IN MASTERS IN BUSINESS ADMINISTRATION (ACCOUNTING)

UNIVERSITY OF NAIROBI

DECEMBER, 2020

DECLARATION

I declare that this research project is my original work and has never been submitted to any other institute for any academic purpose.

Sign…………………………………… Date: December 21, 2020

Mr. Reagan Ronald Odhiambo

This research project has been submitted for presentation purposes with my approval as a University of Nairobi supervisor.

Sign………………………….. Date: October 7, 2020

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ACKNOWLEDGEMENTS

I give thanks to my supervisor Dr. Joshua Wanjare for guiding me through the entire proposal as well as complete project. I also recognize the effort by Dr. Otieno Odhiambo Lurther for moderation and clearance to the proposal. I remember the entire team of lecture in the University of Nairobi for giving me nuggets of information that have assisted me to compile and reach this level. Finally, I thank God for providing resources and opportunity through the research.

DEDICATION

I dedicate this study to my wife Mrs. Odhiambo and my children.

ABSTRACT

Financial performance is the leading concern for any manager in the organization. Commercial banks in Kenya has been facing high competition, poor performance and others registering loss. Due to competition in financial sector commercial banks managers have given firms information to public above the mandatory disclosure. This information includes strategic disclosure, structural ownership disclosure, forward looking disclosure, corporate social responsibility disclosure and environmental accounting disclosure. The objective of the study is to establish effect of corporate voluntary disclosure on financial performance of commercial banks in Kenya. Signaling theory, theory of capital need and agency theory were adopted in the study. Descriptive research design was adopted based on its ability of inquiry on voluntary corporate disclosure and financial performance in annual commercial reports. A population of 44 commercials banks listed and licensed by Central Bank of Kenya were used. Census of all the commercial banks information were collected for the past 5 years. Secondary data was collected using data extraction tool from annual financial reports from the period of 2015 to 2019. The data extraction tool comprised of 30 items with voluntary corporate disclosure variables given an index in terms of percentage of disclosure while return on equity was acquired for financial performance. Data extracted were screened, coded and entered into Statistical Package of Social Science version 21.0. Mean and standard deviation were utilized descriptive statistics while multiple linear regression as well as correlation analysis were used to test the significance of relationship between voluntary corporate disclosure and financial performance at 5% significance level. The findings revealed that structural ownership disclosure was leading voluntary corporate disclosure followed by strategic disclosure, forward looking disclosure, corporate social responsibility disclosure and environment disclosure respectively. Structural ownership disclosure, forward looking disclosure and corporate social responsibility disclosure had positive significant influence on financial performance represented by return on equity ($P<.05$). However, strategic disclosure had negative and environmental account disclosure had positive insignificant effect on financial performance ($P<.05$). The study recommended that commercial banks should reduce the overuse of strategic disclosure since too much secrete can be used by competitors. It proposed that structural ownership, forward looking and corporate social responsibility should be increase to give viable information to the investors and shareholders. This would increase commercial banks' financial performance. However, further research should be done on environmental and corporate social responsibility on financial performance as an area that is not well explored.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financial performance in organization has created great interest among different stakeholders. Investors, suppliers, employees, management, shareholders, board of management and customers are concerned with the financial performance especially in listed companies (Mmbone, Hood, & Wambui, 2015). Other stakeholders, which includes competitors, new entrance companies and companies producing complementary and substitute products eyes on the financial performance. Therefore, stakeholders depend on the financial information to understand the financial performance of the company. There is request for corporate voluntary disclosure of companies for sufficient information to be available for the stakeholders for making decision (Mugo, 2014). Corporate voluntary disclosure is an additional information that managers can disclosed beyond the mandatory statutory obligatory in accounting standards (Mmbone, Hood, & Wambui, 2015). According to International Financial Reporting Standards (IFRS), financial statement must be disclosed in limited companies to indicate financial position, profitability and cash statement to the public becoming mandatory. However, there are some voluntary information, which includes strategies, ownership structure, forward-looking, corporate social responsibility, Innovation, and socio-environment disclosure (Mukti, 2013).

Voluntary disclosure has been supported theoretically by signaling theory, theory of capital needs and agency theory. Signaling theory according to Spence (1973) should be able to signal the stakeholders on available investments as well as gain trustworthy among them.

Information plays an important role in enhancing both the investor and the organization. The theory of capital needs explains the need of information to reduce information asymmetry (Healy & Palepu, 2001). However, the theory explains the increase of investors due to information available as results of voluntary disclosure. Agency theory on the other hand tries to reduce the conflict that can exist between the principals, which are shareholders and agent, which are the commercial banks' management. Jensen & Meckling (1976) dilemma can be reduced by provision of relevant information based on existing information asymmetry between the shareholders and commercial banks management. Hence support the relationship between voluntary disclosure and financial performance.

In commercial banks of Kenya, voluntary disclosure is needed by investors and other stakeholders for investment decision. According to Aikaeli & Rashid (2015) voluntary disclosure was at the level of 62.8% which indicated that the size of bank, listing status and profitability revealed positive and significant effect on banks profitability. Gitonga (2016) revealed that annual reports from mandatory and voluntary information has enable organizations as well as investors to make informed decisions. Government of Kenya through Central Bank of Kenya has been able to manage financial institutions. Despite, the watch from CBK in the recent past some of commercial banks have been put under receivership due to financial related problems. Some the issues associated with the financial ability of the corporation to run banking service. According to Musyoka (2017) insufficient financial disclosure of an organization leaves the shareholders under risk of suspension, frauds, scandals, receivership and delisting from NSE.

1.1.1 Concept of Financial Performance

Financial performance is multifaceted quantitative measurement of how firm performance based on monetary terms. According to Sahore and Verma (2017) financial performance was measured through annual stock return based on stock prices of companies. The study was investigating corporate disclosure using the variable environment, social forward-looking were investigated. This perspective focus on shareholder returns where stock return was considered. Other researcher utilizes return on assets to measure financial performance (Rouf, 2012). Return of Assets is a ratio based on profit and assets, which is assist in obtaining profitability of the organization.

Return on investment (ROI) is ratio of net income to investment made used to measure financial performance. Return on investment was appropriate in case of investment made by organization. A study by Gitonga (2016) who investigated voluntary disclosures in relation to financial performance used ROI to measure financial performance in firms quoted in NSE. Mmbone (2015) utilized ROA in measuring financial performance of firms quoted in NSE which is net income over total assets ratio. However, economic value added, earning per share and profit margin on sales can also be used to measure financial performance.

In other instance net income has also been used to measure financial performance. Kisembe & Muturi (2018) measured financial performance using net income based on the association between corporate disclosures on financial performance. The net income or profit examine the profitability of the organization. However, net profit is not standardized in different firms. Return on equity which is net income and firms' equity ratio were also used by Mukti (2013) and Mugo, (2014). According to Mugo (2014) examined board and social disclosure, forward looking, general and strategic as well as financial disclosure on return of equity as financial performance. Mukti (2013) did similar study using return on equity. Therefore, the current study focused on return on equity as measure of financial performance.

1.1.2 Concept of Voluntary Disclosure

Voluntary disclosure refers when managers gives firms' information to public above the mandatory disclosure. This information includes, strategic, forward-looking, socio-environment, On the contrary mandatory disclosure information is regulated by International Financial Reporting Standards (IFRS) which accounting information must be declared to the public (Mmbone, Hood, & Wambui, 2015).

According to Kisember & Muturi (2018) corporate disclosures of mandatory financial information entails capital, dividend and liquidity information. However, other information includes the profitability and social accounting information. A lot of research of voluntary disclosure have concentrated in strategic information, forward looking information, socio-environment (Mukti, 2013; Mugo, 2014). Therefore, the current study focused on strategic, structural ownership, forward looking, corporate social responsibility, innovation and socio-environment disclosure on financial performance.

1.1.3 Financial Performance and Voluntary Disclosure

Financial performance has been related with voluntary disclosure by numerous studies but there are no clear findings to show whether there exists relationship between the variables. According to Mugo (2014) financial performance is measured using return on equity while voluntary disclosure was measured using strategic and general, board and social disclosure.

However, there was mixed results where general and strategic disclosure had negative effect on financial performance while the other factors had positive influence on financial performance. Similar study was done by Mukti (2013) though it involved company size as control variable with strategic and general, board and social disclosure, forward looking and financial disclosures. However, these theories are not sufficient to explain strategic, ownership structure, forward looking, CSR and environment disclosure in relation to financial performance.

In Europe and America, environmental disclosure is important due to global warming and climate change. According to Nor, Bahari, Adnan, Kamal, & Ali (2016) Malaysia companies has been able to contain sustainable environment through enhancing environmental disclosure. In China, environmental information disclosure has also been pushed as major concern due to climate change and global warming effect (Li, Zhao, Sun, & Yin, 2017). However, there was no association amid environment disclosure and financial performance. Beside environmental disclosure, corporate social responsibility disclosure is also increasing becoming concern internationally. United Kingdom, Japan, Australia there is concern of developing CSR metrics that would encourage organization to rate their engagement as means of corporate disclosure (Beck, Frost, & Jones, 2018). A study in Saudi Arabia, corporate government has been linked with the voluntary disclosure of financial information due continuous improve of good governance practices (Albassam, 2014). Similarly, in India there is existence of the same trend where companies are concern with environment disclosure (Kabra, 2017; Sahore & Verma, 2017). Sahore & Verma (2017) found that corporate disclosure was evident in stock returns information that affected investing community and stakeholders which affected policies makers. It was also found that there is increasing role played by non-financial corporate disclosure like environmental, social and forward looking in economic development of the organization.

In Africa, most of corporate voluntary disclosure are mainly associated with internal structures of the organization. Elfeky (2017) conducted voluntary disclosure in Egypt and found that there was positive significant correlation between overall corporate governance voluntary disclosure with firm profitability, auditor type, independent directors on board and firm leverage. However, there is emerging trend of voluntary corporate disclosure environment from Middle East. In Nigeria, corporate disclosure of size and age of the organization were significant on voluntary disclosure. However, there was no significant influence of voluntary disclosure on financial performance (Aliyu, Adejola, & Mguavese, 2018). Hence, voluntary disclosure has no clear trend on profitability of the organization with mixed results from earlier studies.

1.1.4 Commercial Banks in Kenya

In Kenya there are 42 commercial banks among these 31 are locally owned and 11 are foreign owned (Central Bank of Kenya, 2020). However,11 banks are listed in the NSE (Nairobi Securities Exchange, 2018). The assets based of the commercial banks as at end of March 2012 was KES 2.1 trillion while KES 1.6 trillion represented the deposit and KES 24.7 billion profit before tax. The number of customer accounts comprised of deposit of KES14.36 million and KES2.032 million for loan accounts (Central Bank of Kenya, 2012).

Despite the overall better performance in financial sector, a critical analysis shows that, not all banks were making profit. However, the high profits were produced by the tire one banks as opposed to tire two and three that are straggling to remain a float. Despite, the watch from Central Bank of Kenya in the recent past some of commercial banks have been put under receivership due to financial related problems. Imperial Banks and Chase Banks among other commercial banks has faced financial challenges leading to receivership affecting investors' confidence (Fayo, 2018). However, other banks have been making profits among the first tire, while some performing poorly with losses like National Bank. Therefore, the study focuses on commercial banks in Kenya to understand what may be causing the variations.

1.2 Research Problem

Corporate financial reporting plays an important role in giving out both non-financial and financial information of firm (Aliyu, Adejola, & Mguavese, 2018). Investors and shareholder's dependent on the information for trading, investment decision and organization stability. Managers tend to provide voluntary disclosure and forecasting to encourage more investors as well as provide sufficient communication to other stakeholders. However, since the process is optional vital information sometime not disclosed to investors and other stakeholders. Leading to misguided decision making, high loses and collapse of large firms. Past research on voluntary disclosure have revealed mixed results on the influence of corporate voluntary disclosure on financial performance (Nor, Bahari, Adnan, Kamal, & Ali, 2016). However, Mukti (2013) found positive significant effect between financial disclosure, forward looking and board disclosure had positive significant influence on financial performance. While general and strategic disclosures had negative effect on financial performance. On the contrary, Li, Zhao, Sun & Yin (2017) indicated that socio-environment disclosure showed negative relationship with financial performance. Due to mixed results, there is need for further research on relationship between corporate voluntary disclosure and financial performance.

Over the past decade, the banking sector in Kenya has faced financial challenges resulting to slow growth and some banks had fallen into receivership. This affected negatively the banking sector with investors running away from banking sector, customers lacking trust in some of the commercial banks, low profitability and loss registered in some commercial banks (Central Bank of Kenya, 2020). The financial sector has suffered from the collapse of some banks as results of inadequate transparency, non-disclosure and fraud (Kisembe & Muturi, 2018). The distress has seen some banks like Imperial Banks and Chase Banks going into receivership affecting investors' confidence (Fayo, 2018). Other banks have had poor performance making loses like National Bank of Kenya. Among the study conducted on voluntary disclosure and financial performance mostly focus on firms' listed in NSE. Therefore, there is need to conduct a study in commercial banks in Kenya based on the gap existing on empirical literature as well as existing challenges of financial performance in some commercial banks in Kenya to identify the underlying issues.

Knowledge gaps have been seen in numerous empirical reviews ranging from methodological, geographical and conceptual gaps. Methodological gaps were found in Mugo's (2014) research used descriptive research design while Beck, Frost & Jones (2018) used cross-country analysis and Kisember & Muturi, (2018) used correlation research design. The current study used descriptive longitudinal research design. Geographical gap was also identified which include Nor, Bahari, Adnan, Kamal, & Ali (2016), study in Malaysia, Sahore & Verma, (2017) in selected Indian firms and Aliyu, Adejola, & Mguavese (2018) in Nigeria. Conceptual gaps were identified in Li, Zhao, Sun & Yin

(2017), Mukti (2013) and Waweru, (2018) which focused on environment, voluntary accounting disclosure and market performance respectively. The current study focused on voluntary corporate disclosure and financial performance in financial firms. There existed contextual gaps in Musyoka (2017), Mmbone, Hood, & Wambui (2015) and Gehan, Abdelmohsen & Ghias, (2018). Therefore, there is need to further investigate corporate voluntary disclosure on financial performance of commercial banks to find out the role corporate voluntary disclosure plays in regaining trust, transparency and accountability in the banking sector. The study seeks to answer the question. What is the effect of corporate voluntary disclosure on financial performance?

1.3 Research Objectives

The objective of the study is to establish effect of corporate voluntary disclosure on financial performance of commercial banks in Kenya.

1.4 Value of the Study

The results would be beneficial to researchers and scholars since it would fill the existing knowledge gap. This studies would contribute in supporting existing theories as well as developing new theories. The finding would explain signaling theory, theory of capital needs and agency theory in relation with corporate voluntary disclosure and financial performance. This would assist research in gaining knowledge as well as add information for references purposes. The scholars can use to develop more theories and concept from the findings of the research.

The research is significant to financial institution management since it would help identify non-financial and non-mandatory information firms need to give to the stakeholders that influence the firm's financial performance. It would also help reveal to the extent information given, to avoid giving more to the competitors that in return can affect company performance and confidentiality.

Policy makers might also benefit from the information obtained from the research. The government legislation, Central Bank of Kenya and other agency might use the information for policymaking. This would enhance both voluntary disclosure and financial performance policies assisting in regulation of financial and non-financial organizations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section entails review of otology, which are segmented into theoretical and empirical review. The review is then used in identification of research gap for development of conceptual framework. It can be outline as theoretical review, empirical review, knowledge gap and conceptual framework.

2.2 Theoretical Literature

Signaling theory, theory of capital need and agency theory were used as framework for the study. The study is anchored on signaling theory, which explain the need for disclosure of information. This is supported by theory of capital need and agency theory that depend on voluntary disclosure of information.

2.2.1 Signaling Theory

Spence postulated signaling theory in 1973. The theory is a response to information asymmetries between the stakeholders and the firm. The theory reduces the asymmetry through mandatory and voluntary information from the firms. Organization that disclosure information to stakeholders indicate trustworthiness as well as have low oversight from regulators. Therefore, an increase in disclosure develop loyalty leading to higher demand for firm's shares resulting to high profits. This theory proposes that firms with better performance has a trend of voluntary disclosures of information to the public, distinguishing themselves from their competitors in market.

Majority of firms' disclosures of information fall somewhere between no disclosure and full disclosure based on its motivation. These means the firm partially disclose their business prospect as a way of signaling investors (Bhattacharya & Ritter 1983). This enable manager to use private information to distinguish themselves through from others. On the contrary, underperforming firms can use the information to signal investor on step taken to improve performance. Hence signaling theory support the need for managers to practice voluntary disclosure to enhance trust as well as provide vital information for investors. Hence this does not explain financial performance among commercial banks. Therefore, there is need to investigate voluntary disclosure in relation to financial performance in commercial banks in Kenya.

2.2.2 Theory of Capital Need

Capital need theory assist to reveal the details behind the firms' disclosure of voluntary information. According to Gray *et al,* (1995) voluntary disclosure are often done to signal investors as mean of raising capital for the organization. Healy and Palepu (2001) alluded that managers in capital market transaction use voluntary disclosure to reduce information asymmetry issue hence reducing external financing cost. The low capital cost is due to low uncertainty among investor encouraging equity-based capital to the organization (Schuster and O'Connell, 2006). The disclosure also leads to stock market liquidity, reduce cost of equity capital through increase demand of the shares and reduced transaction cost (Hassan et al., 2011).

The theory explains the need for disclosure to increase investors as well as maintain healthy circulation of share and value for share prices of company (Cooke, 1989). However, the theory does not entirely explain voluntary disclosure in relation to financial performance but explain the need for capital that can be enhanced through voluntary disclosure.

2.2.3 Agency Theory

As postulated in 1976 by Jensen & Meckling, an agency dilemma as "a contract under which one or more persons representing the principal(s) engage another person representing the agent to perform some service on their behalf which involves delegating some decision-making authority to the agent". The agent in this context is the manager who act on behalf of the principal that is the shareholder. In order to reduce agency dilemma as results of information asymmetry between managers and shareholders, there is need for managers to share company information to the shareholders.

Voluntary disclosure is applicable to agency theory where managers are able to share firms' private information and communication to the market improving performance. Despite, voluntary disclosure being managers' decision to viable information like financial policies and investment opportunities prove to be important for investors as well as the firm. Since the voluntary disclosure solve agency dilemma, there is need to investigate its influence to financial performance of affirm. Since the voluntary disclosure solve agency dilemma, there is need to investigate on its influence to financial performance.

2.3 Empirical Review

Nor, Bahari, Adnan, Kamal, & Ali (2016) investigated the effects of environmental disclosure in relation to financial performance. Environmental concern has risen over the past decade due climate change and global warming. The study used 100 companies for the year 2011 in Malaysia. The findings indicated mixed results on environmental disclosure in relation to financial performance. This is due to underdeveloped environmental policies in Malaysia which require companies to follow legitimize environment as social responsibility.

A study in China by Li, Zhao, Sun & Yin (2017) analysed corporate environmental performance, environmental information disclosure on the financial performance. This comes as result of high carbon emission and pollution affecting environment. The study was based on 950 observations from 475 Chinese quoted firms between 2013 and 2014. The results revealed U-shaped curvilinear between corporate environment performance on the environmental disclosure. However, there was negative association amid environmental disclosure and financial performance. Therefore, the is need for mandatory environmental disclosure for better environmental performance.

Beck, Frost, & Jones (2018) assess corporate social responsibility and financial performance. The study used cross country analysis to analyse the effect of CSR as voluntary disclosure practice on financial performance. The study was not limited to United Kingdom, Japan and Australia. The results reveal a positive significant association between CSR and financial performance even after controlling type assurer, financial risk, industry-level fixed effects, firm size and CSR performance proxy.

A study by Albassam (2014) investigated on corporate governance, voluntary disclosure on financial performance. The study used quantitative approach on 80 Saudi quoted firms within 2004 to 2010. The data was collected from 560 firms' year observations. Good corporate governance practices had positive significant effect on return on assets. It was also found that director ownership, board sub-committees, proportion of independent directors and CEO quality had significant positive effect on ROA.

Aliyu, Adejola, & Mguavese (2018) established that effect of financial performance on voluntary disclosure of listed financial firms in Nigeria. Voluntary disclosure through annual information assist stakeholders to make prudent, efficient and effective decisions. The study used expo-facto design for 10 years' period from 2008 to 2017. Forty-five companies were sampled using purposive sampling from fifty-seven financial firms quoted in Nigerian Stock Exchange. Secondary data were extracted from annual reports. Descriptive statistics and Probit regression analysis were conducted. The results indicated that there existed no significant relationship between financial performance and voluntary disclosure. However, size and age of firm had significant influence on voluntary disclosure. The study recommended that regulatory authorities that are charged with the responsibilities of regulating the information disclosed in financial reports should review their disclosure requirements and incorporate voluntary disclosure items into them.

Mugo (2014) assessed the effect of voluntary disclosure on the financial performance of commercial banks. Good corporate governance has enabled most organization to remain competitive. The study examined social and board, forward looking, financial, general and strategic disclosure on the commercial bank's performances. Descriptive research design was deployed. Secondary data was collected using 47 disclosure items from financial records of 42 commercial banks from 2008 to 2013. Multiple regression model was adopted in analysis. The finding revealed that there existed significant association between board and social, financial and forward-looking disclosure with commercial banks in Kenya financial performance. However, strategic and general disclosure had negative impact on return on equity. Hence concluded that financial as well as social and board disclosure had highest significant impact on the financial performance.

Mukti (2013) established the influence of voluntary disclosure as well as company size on financial performance. The study specifically investigated board disclosure, forward looking, and innovation disclosure, general and strategic disclosure on the financial performance of commercial banks in Kenya. A sample 14 selected from 44 commercial banks in Kenya. Data was extracted from records from annual report from the period of 2008 to 2011 using disclosure index and analyzed using multiple regression model. The results indicated that there was strong significant relation amid firm size, voluntary disclosure and financial performance. The positive effect of voluntary disclosure was contributed by financial disclosure, forward looking disclosure and board disclosure on financial performance however; general and strategic disclosure had negative effects on firms' financial performance. Firm disclosure influence information asymmetry reduces with cost of capital. There is need for improve of good corporate governance in Kenya.

Waweru (2018) examined voluntary accounting disclosures on the non-financial firm's market performance. Social accounting information, human resource accounting, forward looking information, value added statement and management disclosure were investigated on the market performance. The study did a census of 45 non-financial firms listed in NSE. Secondary data from 2011 to 2015 were collected using financial records published in the websites as well as primary data from semi-structure question from the CEOs of the firms. The findings indicated a positive significant relationship between management discussions, social accounting information, human resource accounting, forward looking information and value-added statement disclosure and market performance measured utilizing Tobin's Q. Hence the organization should improve on voluntary accounting disclosure to their stakeholder for improved market share.

A research done by Musyoka (2017) established the influence of voluntary disclosure on financial performance of firms list in NSE. Inadequate of disclosure of information may lead risk on investors and shareholders as results of suspension, frauds, scandals and delisting of public company. Therefore, the study aimed at establishing the effect of research and development, financial liquidity, sales growth, investment policy and financial policy on financial performance. Correlation research design was adopted based on 64 companies listed in Nairobi Security Exchange. A sample of 43 companies were consider where trading records between 2006 to 2015 were extracted. According to the results research and development, sale growth, investment policy, financial policy had positive significant effect on financial performance. Where voluntary disclosures contributed to 63% of variation in financial performance of the firms.

Voluntary disclosure and financial performance was investigated by Mmbone, Hood, & Wambui (2015). The study used annual report of 10 quoted companies from NSE between the period of 2011 to 2013. Where a list of 49 voluntary disclosure and financial measures. Multiple regression model was used to conduct the analysis. The results indicated that voluntary disclosure had strong positive relationship with return on investment.

The study recommended that firms should do voluntary disclosure not only to gain profit but to obtain cheaper capital, transparency and accountability in annual reports.

2.3 Summary of Research Gaps

Empirical literature based on voluntary corporate disclosure and performance has been discussed by countable research.

Methodological gap revealed that different researchers used different research design. Mugo (2014) used descriptive research design while Beck, Frost & Jones (2018) who discussed on CSR disclosure and financial performance used cross-country analysis in its methodology. Kisember & Muturi, (2018) who investigated corporate disclosures on financial performance used correlation research design. While Albassam (2014) who investigated corporate governance, voluntary disclosure and financial performance used quantitative approach besides being done in Saudi Arabia. The current study used descriptive longitudinal research design in the methodology which fill the existing methodological gap.

Geographical gap generated from different location with different economic condition were seen in numerous studies. Nor, Bahari, Adnan, Kamal, & Ali (2016) conducted the study in Malaysia based on environmental disclosure and financial performance. Sahore & Verma, (2017) who investigated corporate disclosures and financial performance was done in selected Indian firms. Similarly, Aliyu, Adejola, & Mguavese (2018) did his study in Nigeria where it established financial performance on voluntary disclosure of listed Nigerian financial firms. The current study was done in commercial banks in Kenya.

Conceptual gaps were also identified in some of the research with slightly different concepts. Li, Zhao, Sun & Yin (2017) studied corporate environmental performance, environmental information disclosure and financial performance in China. Similarly, Mukti (2013) focused on voluntary disclosure and company size on financial performance. Where the size of the company was used as moderating variable. Waweru, (2018) focused voluntary accounting disclosure and market performance leading to both contextual and topical gap. The current study focused on corporate voluntary disclosure and financial performance in financial firms.

Contextual gaps were also seen in several researches where the content were different. A research by Musyoka (2017) focused on voluntary disclosure was investigated on financial performance of firms listed at NSE. However, the variable investigated were financial liquidity, sales growth, investment policy and financial policy voluntary disclosure on financial performance in listed firms in Kenya. Mmbone, Hood, & Wambui (2015) who instigated voluntary disclosure and financial performance focused on quoted firms in NSE. The current study focused on commercial banks in Kenya.

2.5 Conceptual Framework

Conceptual framework provides the relationship of the corporate voluntary disclosure and financial performance. The independent variables to be measured are strategic disclosure, structural ownership disclosure, forward looking disclosure, CSR disclosure and environment disclosure. While the dependent variable was given by return on equity as indicator for financial performance. This is represented in figure 2.1 below.

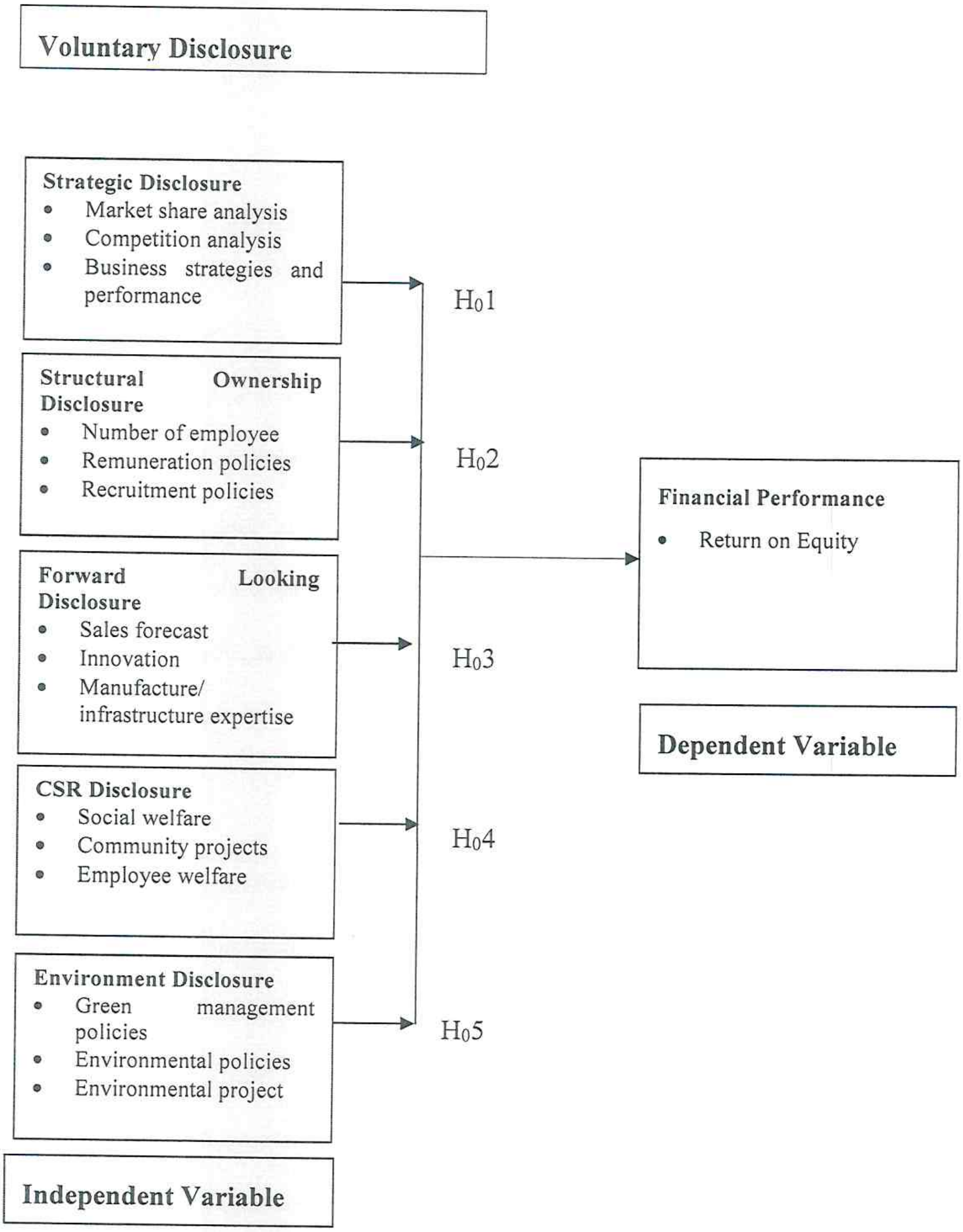

Figure 2.1: Conceptual Framework of the Study

Source: Author (2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section entails logical procedure that are sufficient enough to extract required information for testing research hypothesis hence obtained results for the set objective. Therefore, it outlines the design of the research, the area of study, population size, sample size and procedures, instruments used in collecting data and data analysis. This enable the research to be conducted systematically and with right precision from collection of data until data are interpreted to form conclusions and recommendations.

3.2 Research Design

Research design provide a summary guideline used from data collection to analyze the study. The study adopted descriptive longitudinal research design, which employs both descriptive design and longitudinal study. The descriptive research assists the researcher in explaining disclosure index from secondary data to describe the phenomenal. According to Orodho (2013) descriptive research design, assist the researcher to ask question like Who? What? Which? How? And When? This helped to extract information from the annual banks records from June 2015 to June 2020. The study also adopts longitudinal approach since it focuses on information for the past 5 years to ascertain information along the given time line.

3.3 Population

The study targeted 44 commercial banks registered in Kenya. The data was obtained from annual records of the commercial banks using disclosure index that reveal the effect of corporate disclosure information's as well as financial performance. The disclosure index was determined by how more information the banks have disclosed on the variables in their financial annual reports and measured by % between 0-100.

3.4 Sampling Design

The study used census of all 44 commercial banks for the past 5 years, which provided sufficient information. This was considered because of the target population size, as Mugenda and Mugenda (2003) suggested in small population less than 100 censuses is appropriate.

3.5 Data Collection

Secondary data collection was done using annual financial records for the period of 2015 to 2019. The study adopted the use of disclosure index extraction tool comprising 30 items. The index was used to provide score, which were adopted for data analysis. In addition, the data was capture from online information published over the period.

3.6 Data Analysis

Data extracted from secondary data was screened, coded and entered into SPSS version 21.0. This information collected were analyzed using descriptive analysis and presented using tables. Inferential statistics was also used to test the relationship between corporate voluntary disclosure and financial performance. Multiple linear regression as well as correlation analysis was used to test the relationship using a significant level of 5%. The multiple linear regression model was given in equation below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where

Y	= Financial Performance (Dependent Variable)
β_0	= Constant Term
β_1, β_2, β_3, β_4,	= Beta coefficients
X_1	= Strategic Disclosure
X_2	= Structural Ownership Disclosure
X_3	= Forward Looking Disclosure
X_4	= CSR Disclosure
X_5	= Environment Disclosure
e	= Error Term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter introduce data analysis which comprise of descriptive analysis, correlation analysis, regression analysis and test of hypothesis. Descriptive statistics provides the analysis of mean and standard deviation of strategic disclosure, structural ownership disclosure, forward looking disclosure, environmental accounting disclosure and return on equity. The correlation analysis tested variable based on significant level of 1%. The regression analysis comprised of R, R square and regression coefficient variables.

4.2 Descriptive Analysis

Descriptive analysis values were obtained from data collected from secondary data based a percentage. The summary data comprised of minimum, maximum, mean and standard deviation assisted in explaining the variables as indicated in table 4.1.

Table 4.1: Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Strategic Disclosure (%)	44	12.20	64.20	33.0623	15.07143
Structural Ownership Disclosure (%)	44	9.80	62.84	34.1286	16.91396
Forward Looking Disclosure (%)	44	4.80	61.40	31.6595	11.60541
Corporate Social Responsibility Disclosure (%)	44	1.20	51.60	23.5641	15.35052
Environmental Account Disclosure (%)	44	1.00	51.00	12.7523	12.87708
Return on Equity (%)	44	-8.20	25.10	12.8592	7.34253

Source: Research Data (2020)

Table 4.1 results revealed that strategic disclosure had a maximum of 64.20% and minimum of 12.20% representation in the banks. However, the mean of strategic disclosure was 33.0623%. Which represented the highest disclosure according to the other voluntary disclosure. It is then widely focused by majority of the commercial banks to pull investors. The standard deviation of 15.07143% was slightly higher as compared to other variables. This implies that the commercial banks variations in strategic disclosure are slight higher as compared to environmental disclosure and forward looking disclosure.

The findings of structural ownership disclosure revealed a minimum of 4.80% and maximum of 62.84%. It has the second highest maximum and the highest mean of 34.1286%. This implies that structural ownership disclosure is the highly voluntary disclosed item. It has also the leading standard deviation of 16.91396% among other variables. It implies that commercial banks have highly differentiated themselves on the structural ownership disclosure. Commercial banks have increasingly used structural ownership disclosure more than other voluntary disclosure.

Forward looking disclosure had minimum of 4.8% and maximum of 61.4%. Forward looking is the third highest voluntary disclosure with mean of 31.6595%. This implies that forward looking disclosure among the highly represented voluntary disclosure within commercial banks in Kenya. It has the lowest variance among the voluntary disclosure which shows that majority of commercial banks had well representation of forward looking disclosure (standard deviation of 11.60541%).

Corporate social responsibility was found to be disclosed by few organizations. There is minimum value for corporate social responsibility disclosure is 1.2% and maximum of 51.6%. Corporate social responsibility revealed 23.5641% which is low as compared with other voluntary disclosure. Its variation was very high despite low disclosure with standard deviation of 15.35052%. This implies that variation between the organizations was high based the ability of the organization to reach the others through corporate social responsibility.

Environmental account disclosure was the lowest voluntary disclosure in commercial banks. This was revealed by the lowest minimum of 1% and maximum of 51%. The environmental disclosure had a mean of 12.7523% representation in commercial banks. The variance also was somehow low at standard deviation of 12.87708%. The environmental disclosure need to be improved among commercial banks in Kenya having registered the lowest voluntary disclosure.

4.3 Correlation Analysis

Correlation analysis was conducted on strategic disclosure, structural ownership disclosure, forwards looking disclosure, corporate social responsibility, environmental account disclosure and return on equity. The correlation analysis was done on 1% significant level based on Pearson Correlation (R) which is indicated in table 4.2 below.

Table 4.2: Correlation Analysis

		Strategic Disclosure	Structural Ownership Disclosure	Forward Looking Disclosure	Corporate Social Responsibility Disclosure	Environmental Account Disclosure	Return on Equity
Strategic Disclosure	Pearson Correlation	1	.647**	.526**	.594**	.532**	.434**
	Sig. (2-tailed)		.000	.000	.000	.000	.003
	N	44	44	44	44	44	44
Structural Ownership Disclosure	Pearson Correlation		1	.587**	.599**	.540**	.679**
	Sig. (2-tailed)			.000	.000	.000	.000
	N		44	44	44	44	44
Forward Looking Disclosure	Pearson Correlation			1	.674**	.464**	.700**
	Sig. (2-tailed)				.000	.002	.000
	N			44	44	44	44
Corporate Social Responsibility Disclosure	Pearson Correlation				1	.673**	.719**
	Sig. (2-tailed)					.000	.000
	N				44	44	44
Environmental Account Disclosure	Pearson Correlation					1	.544**
	Sig. (2-tailed)						.000
	N					44	44
Return on Equity	Pearson Correlation						1
	Sig. (2-tailed)						
	N						44

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

Source: Research Data (2020)

Table 4.2 reveal correlation analysis between the variable. Strategic disclosure indicated to have a significant correlation with structural ownership, corporate social responsibility, environmental account and forward looking (R=.647, R=.594, R=532 and R=.526 respectively). Strategic disclosure was found to have a weak significant correlation with return on equity (R=.434, P<.01).

Structural ownership disclosure was also found to have a significant correlation with corporate social responsibility disclosure, forward looking disclosure and environmental account disclosure (R=.599, R=.587 and R=.540 respectively). However, there existed a weak correlation between structural ownership disclosure with return on equity (R=.479, P<.01).

Forward looking disclosure was found to have significant correlation with corporate responsibility and environmental account disclosure (R=.673 and R=.464 respectively). However, there exist a strong positive significant relationship between forward looking disclosure with return on equity (R=.700, P<.01).

Corporate social responsibility disclosure had a significant correlation with environment account disclosure (R=.673). The findings also revealed a strong positive relationship between relationship between corporate social responsibility disclosure and return on equity (R=.719, P<.01).

Finally, environmental account disclosure was found to have positive correlation with return on equity (R=.544, P<.01).

4.4 Regression Analysis

Regression analysis were given by regression summary and regression model coefficients which tested significance between the variables. The results also revealed the impact of each independent variable to financial performance.

Table 4.3: Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.783[a]	.614	.563	4.85393	.614	12.079	5	38	.000	1.798

a. Predictors: (Constant), Environmental Account Disclosure, Forward Looking Disclosure, Strategic Disclosure, Structural Ownership Disclosure, Corporate Social Responsibility Disclosure

b. Dependent Variable: Return on Equity (%)

Source: Research Data (2020)

Table 4.3 reveals that there is strong positive relationship between voluntary corporate disclosure and financial performance (R=.783, P=.000<.05). The results indicated that 61.4% variation of financial performance (return on equity) was due to voluntary corporate disclosure while 28.6% is as result of other factors (R^2=.614).

Table 4.4: Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.605	2.353		.257	.799		
	Strategic Disclosure (%)	-.040	.069	-.083	-.581	.564	.500	1.999
	Structural Ownership Disclosure (%)	.116	.064	.236	1.813	.039	.467	2.142
	Forward Looking Disclosure (%)	.268	.091	.423	2.930	.006	.487	2.052
	Corporate Social Responsibility Disclosure (%)	.199	.081	.416	2.470	.018	.358	2.791
	Environmental Account Disclosure (%)	.075	.081	.132	.929	.359	.506	1.976

a. Dependent Variable: Return on Equity (%)

Source: Research Data (2020)

The model summary from table 4.4 was given by;

$$Y = .605 - .040X_1 + .116X_2 + .268X_3 + .199X_4 + .081X_5 + e$$

Where; Y = Financial Performance (Dependent Variable); X_1= Strategic Disclosure, X_2= Structural Ownership Disclosure, X_3 = Forward Looking Disclosure, X_4= CSR Disclosure and X_5 = Environment Disclosure, e = Error Term. The model summary implied that for any unit increase in strategic disclosure there is insignificant 4% decrease in financial performance. A unit increase in structural ownership disclosure leads to 11.6% increase in financial performance. A unit increase in forward looking disclosure had 26.8% increase in financial performance. It shows that a unit increase in CSR disclosure leads to 19.9% increase in financial performance. Though environmental disclosure was not significant but a unit increase lead to 8.1% increase in financial performance. Forward looking disclosure was leading significant predictor of voluntary corporate disclosure with 26.8% followed by CSR disclosure and structural ownership disclosure with 19.9% and 11.6% increase in financial performance (return on equity).

The findings also reveal that structural ownership disclosure, forwards looking disclosure and corporate social responsibility disclosure had positive significant effect on the financial performance (P=039<.05, P=.006<.05, P=.018<.05). However, strategic disclosure and environmental account disclosure had insignificant negative and positive respectively on the financial performance (P=.564>.05 & P=.359>.05 respectively).

Strategic disclosure revealed a negative insignificant effect on financial performance. However, the result concurs with Mugo (2014) who found that strategic and general disclosure had negative impact on financial performance. However, the current found that the relationship is not significant.

The results indicated structural ownership disclosure had positive significant on financial performance. This concurs with Albassam (2014) study which found that director ownership, board sub-committees, proportion of director and CEO quality. Mukti (2013) and Mugo (2014) found also that structural ownership disclosure had significant effect on financial performance.

Forwards looking disclosure results revealed positive relationship with financial performance. The results concurred with Waweru (2018) who found that forward looking information had positive significant effect on financial performance. However, the study used return on equity instead of Tobin's Q to measure financial performance. Mukti (2013) and Mugo (2014) also found that forward looking disclosure had significant effect on financial performance.

The findings revealed that corporate social responsibility disclosure had significant relationship between financial performances. Beck, Frost, & Jones (2018) concurs with current results where corporate social responsibility disclosure had positive significant effect on financial performance.

Environmental concern is increasingly being consider however the results from the study has no significant effect on financial performance. The results differ from Li, Zhao, Sun & Yin (2017) in Malaysia where there was negative significant effect of environmental performance on financial performance. However, is mixed reaction on the relationship between environmental disclosure on financial performance according to Nor, Bahari, Adnan, Kamal, & Ali (2016) which calls for further research on environmental disclosure and financial performance.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section provides summary of voluntary corporate disclosure results and financial performance. The summary was used to develop conclusion of the study and recommendations for the study.

5.2 Summary

Descriptive results indicated that structural ownership disclosure was the highly represented feature in annual reports of commercial banks in Kenya with a mean representation of 34.1286% ±16.914%. Strategic disclosure takes the second highest voluntary disclosure at 33.0623% ±15.071% in annual report. Forward looking was the third voluntary disclosure with voluntary disclosure 31.6595%±11.605%. Corporate social responsibility disclosure and environmental account disclosure were among the least represented documentation with 23.5641%±15.351% and 12.7523%±12.877% respectively.

Correlation results has indicated that there exists strong significant relationship between structural ownership disclosure, forward looking disclosure and corporate social responsibility with return on equity. However, strategic disclosure and environmental account disclosure revealed moderate relationship with return on equity. The results from regression revealed that 61.4% of variation of return on equity was associated with voluntary corporate disclosure, while 38.6% of variation was due to other factors.

Voluntary corporate disclosure had strong positive significant relation with return on equity (financial performance). These were mainly contributed by forward looking disclosure, corporate social responsibility disclosure and structural ownership disclosure respectively. Strategic disclosure revealed a negative while environmental account disclosure had positive insignificant impact on financial performance.

5.3 Conclusions

The study concluded that the organization displaying strategic information on their annual report have a negative impact on the financial performance. However, the impact of strategic disclosure has no significant impact to return on equity. Market share analysis, competitive analysis, business strategies and performance analysis were mainly used by the commercial banks to disclosure their strategies associated with the financial performance.

Structural ownership disclosure the leading voluntary corporate disclosure indicator that is commonly used by commercial banks in their annual reports. Structural ownership disclosure had a positive significant influence on the financial performance according to the results. These positive influence was associated with the disclosure of employees' number and remuneration, board structure, business experience of directors and demographic characteristics of the board of directors.

Forward looking disclosure was informed through organization profit, revenue, plans, share and cash flow plans. The statement of forward looking was commonly used by majority of the organization. Therefore, forward looking disclosure showed a positive significant influence on financial performance of commercial banks.

Social welfare, employee welfare and community development as corporate social responsibility disclosure in annual reports has a positive significant influence on the financial performance of commercial banks. Despite, corporate social responsibility disclosure being the second highest in financial performance, it is the second lowest disclosed item of voluntary disclosure. There is need for organization to enhance corporate social responsibility to the community and employees.

Environmental disclosure is still new in Kenya, since it recorded the lowest disclosure rate. Environmental disclosure also revealed positive insignificant impact to return on equity. Majority of disclosure among the commercial banks is the role of environmental conservation project and community involvement with organization on conservation projects. However, there is room of improvement of the commercial banks for environmental accountability to society.

5.4 Recommendations

The recommended commercial banks to reduce the utilization of strategic disclosure owing to the negative impact on financial performance. Despite, most banks displaying their strategies openly these have led to negative results to the commercial banks. The information about the strategies used in the organization can easily be replicated by competitors reducing their competitive. This have led to lack of differentiation of majority of products in the commercial banks. Therefore, reducing the disclosure to mainly ideas that may not benefit the competitor rather than investors would assist in improving the financial performance as well as investor's image without destroying reputation of the organization.

Since, structural ownership disclosure revealed positive impact to return on equity, there is room for commercial banks who have low structural ownership disclosure. The organization which conceal such information like the board structure, employee's benefits and characteristics of board registered low return on equity. This implies that to improve on the finance performance organization should consider structural ownership since it boosts investor confidence.

The study recommended that commercial banks should improve on forward looking disclosure to ensure high financial performance. Due to disclosing on forward looking, share earning forecasting and other information to encourage investors as well as management to improve on their financial performance. Forward looking disclosure tends to improve investors rather than competitors resulting to positive improvement of financial performance.

Corporate social responsibility disclosure was considered to be very crucial in improving the financial performance. Organizations that displayed CSR report had improved their profitability. There is need for commercial banks enhance their corporate social responsibility to the community and employees' welfare. Social ethics require organization to assist giving back to the community. However, publication and disclosure corporate social responsibility have been seen not only to improve financial performance but also the image of the organization to the society.

Despite, environmental disclosure being the lowest disclosed. There is room to improve based on the emerging issue of climate change. The commercial banks, organization and government should develop green management policies as well as conservation projects that would assist in reducing climate change. The commercial banks and other organization should not focus on profitability but also the future generations.

5.5 Suggestion for Further Areas of Studies

The study suggests research to be done on environmental and corporate social responsibility on financial performance of commercial banks. Environmental and CSR are new emerging concepts that has been associated with organization branding as well as social ethics that can be researched further.

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APPENDICES

APPENDIX I: DISCLOSURE INDEX

Part 1: Strategic Disclosure

Strategic disclosure	Score
Market share analysis	
Competitive analysis and comparison with competitor	
Disclosure of business strategies adopted	
Performance analysis and comparison with other firms	
Organization structure and chart information	
Company mission statement and brief history of company	

Part II: Structural Ownership Disclosure

Structural Ownership Disclosure	Score
Number of employees	
Remuneration of policies	
Recruitment and retrenchment policies	
Board structure and number of board members	
Business experience of directors	
Disclosure of demographic characteristics of board of directors	

Part III: Forward Looking Disclosure

Forward Looking Disclosure	Score
Disclosure of revenue forecasting	
Disclosure of cash flow project	
Profit forecasting disclosure	
Budgeting and plans on revenue and capital expenditure disclosure	
Disclosure on share earning forecasting	

Part IV: CSR Disclosure

CSR Disclosure	Score
Social welfare disclosure	
Disclosure community projects	
Employee welfare disclosure	
Social welfare report	
Summary of CSR over past five years	

Part V: Environment accounting

Environment Disclosure	Score
Disclosure of green management	
Disclosure of environmental policies	
Disclosure of environmental conservation projects	
Information on community involvement	
Statement of environment report over the past year	

Part VI: Financial performance

Financial performance	Score
Return on Equity	

APPENDIX II: Strategic Disclosure

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	61%	63%	65%	64%	63%	63%
African Banking Corporation Ltd.	60%	62%	61%	64%	62%	62%
Bank of Africa (K) Ltd.	25%	26%	29%	25%	29%	27%
Bank of Baroda (K) Ltd.	27%	27%	28%	27%	28%	27%
Bank of India	23%	24%	22%	25%	24%	24%
Charterhouse Bank Ltd.	14%	14%	15%	16%	15%	15%
Chase Bank (K) Ltd.	12%	13%	10%	14%	12%	12%
Citibank N.A. Kenya	32%	34%	34%	35%	37%	34%
Commercial Bank of Africa Ltd.	25%	24%	26%	25%	23%	25%
Consolidated Bank of Kenya Ltd.	36%	35%	36%	39%	38%	37%
Co-operative Bank of Kenya Ltd.	55%	56%	58%	57%	56%	56%
Credit Bank Ltd.	35%	39%	38%	39%	40%	38%
Development Bank of Kenya Ltd.	25%	26%	27%	27%	28%	27%
Diamond Trust Bank Kenya Ltd.	28%	28%	29%	29%	29%	29%
Dubai Bank Kenya Ltd	63%	64%	64%	65%	65%	64%
Ecobank Ltd	40%	41%	42%	40%	42%	41%
Equatorial Commercial Bank Ltd.	17%	18%	20%	21%	20%	19%
Equity Bank Ltd.	49%	52%	54%	55%	56%	53%
Family Bank Ltd.	51%	52%	52%	52%	52%	52%
Fidelity Commercial Bank Ltd.	38%	39%	41%	40%	42%	40%
Fina Bank Ltd.	34%	35%	36%	38%	37%	36%
First Community Bank	41%	42%	41%	40%	42%	41%
Giro Commercial Bank Ltd.	39%	40%	42%	41%	42%	41%
Guardian Bank Ltd.	24%	23%	24%	23%	24%	24%
Gulf Africa Bank (K) Ltd	12%	13%	12%	14%	14%	13%
Habib Bank A.G. Zurich	14%	15%	16%	18%	21%	17%
Habib Bank Ltd.	30%	34%	35%	36%	35%	34%
Housing Finance Ltd.	30%	31%	32%	32%	31%	31%
Imperial Bank Ltd.	17%	13%	16%	14%	19%	16%
Investment & Mortgages Bank Ltd.	38%	39%	40%	41%	42%	40%
Jamii Bora Bank Ltd.	16%	17%	18%	16%	18%	17%
Kenya Commercial Bank Ltd.	58%	59%	59%	60%	62%	60%
K-Rep Bank Ltd.	14%	14%	15%	15%	14%	14%
Middle East Bank (K) Ltd.	12%	13%	16%	13%	13%	13%
National Bank of Kenya Ltd.	39%	40%	41%	40%	38%	40%
NIC Bank Ltd.	55%	54%	56%	55%	54%	55%
Oriental Commercial Bank Ltd.	20%	21%	23%	25%	25%	23%
Paramount Universal Bank Ltd.	12%	14%	15%	17%	18%	15%
Prime Bank Ltd.	28%	28%	28%	29%	30%	29%
Stanbic Bank Kenya Limited.	14%	16%	17%	18%	19%	17%
Standard Chartered Bank (K) Ltd.	40%	41%	42%	42%	42%	41%
Trans-National Bank Ltd.	30%	31%	32%	31%	31%	31%
UBA Kenya Bank Limited	37%	38%	39%	40%	42%	39%
Victoria Commercial Bank Ltd.	23%	24%	24%	25%	25%	24%

APPENDIX III: Structural Ownership Disclosure

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	52%	53%	52%	54%	53%	53%
African Banking Corporation Ltd.	51%	53%	54%	50%	47%	51%
Bank of Africa (K) Ltd.	45%	44%	42%	46%	47%	45%
Bank of Baroda (K) Ltd.	27%	27%	28%	29%	27%	28%
Bank of India	23%	27%	28%	30%	32%	28%
Charterhouse Bank Ltd.	12%	14%	14%	14%	13%	13%
Chase Bank (K) Ltd.	7%	9%	12%	11%	10%	10%
Citibank N.A. Kenya	18%	17%	15%	16%	17%	17%
Commercial Bank of Africa Ltd.	34%	32%	29%	32%	31%	32%
Consolidated Bank of Kenya Ltd.	46%	45%	46%	47%	47%	46%
Co-operative Bank of Kenya Ltd.	62%	62%	63%	63%	63%	62%
Credit Bank Ltd.	41%	40%	42%	44%	43%	42%
Development Bank of Kenya Ltd.	35%	36%	36%	37%	37%	36%
Diamond Trust Bank Kenya Ltd.	47%	47%	48%	48%	48%	48%
Dubai Bank Kenya Ltd	54%	53%	53%	54%	54%	54%
Ecobank Ltd	60%	63%	64%	64%	64%	63%
Equatorial Commercial Bank Ltd.	46%	47%	47%	48%	47%	47%
Equity Bank Ltd.	60%	61%	61%	62%	62%	61%
Family Bank Ltd.	51%	52%	53%	53%	52%	52%
Fidelity Commercial Bank Ltd.	56%	57%	57%	59%	58%	57%
Fina Bank Ltd.	34%	35%	37%	36%	35%	35%
First Community Bank	45%	47%	49%	48%	46%	47%
Giro Commercial Bank Ltd.	39%	40%	41%	40%	41%	40%
Guardian Bank Ltd.	20%	20%	21%	21%	21%	21%
Gulf Africa Bank (K) Ltd	12%	13%	12%	13%	14%	13%
Habib Bank A.G. Zurich	10%	12%	13%	14%	13%	12%
Habib Bank Ltd.	10%	11%	12%	14%	13%	12%
Housing Finance Ltd.	46%	47%	47%	48%	47%	47%
Imperial Bank Ltd.	23%	24%	22%	25%	26%	24%
Investment & Mortgages Bank Ltd.	51%	50%	51%	52%	53%	51%
Jamii Bora Bank Ltd.	9%	7%	12%	13%	10%	10%
Kenya Commercial Bank Ltd.	37%	39%	39%	38%	40%	39%
K-Rep Bank Ltd.	29%	30%	30%	30%	29%	30%
Middle East Bank (K) Ltd.	34%	33%	32%	35%	34%	34%
National Bank of Kenya Ltd.	22%	24%	26%	25%	25%	24%
NIC Bank Ltd.	52%	53%	53%	52%	52%	52%
Oriental Commercial Bank Ltd.	12%	12%	13%	13%	14%	13%
Paramount Universal Bank Ltd.	43%	44%	45%	48%	46%	45%
Prime Bank Ltd.	12%	12%	13%	13%	13%	13%
Stanbic Bank Kenya Limited.	14%	15%	16%	15%	16%	15%
Standard Chartered Bank (K) Ltd.	36%	36%	37%	38%	39%	37%
Trans-National Bank Ltd.	13%	14%	13%	13%	12%	13%
UBA Kenya Bank Limited	12%	13%	13%	14%	13%	13%
Victoria Commercial Bank Ltd.	17%	17%	18%	18%	19%	18%

APPENDIX IV: Forward Looking Disclosure

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	62%	63%	60%	62%	60%	61%
African Banking Corporation Ltd.	35%	36%	35%	34%	34%	35%
Bank of Africa (K) Ltd.	46%	45%	47%	44%	43%	45%
Bank of Baroda (K) Ltd.	26%	26%	27%	28%	27%	27%
Bank of India	13%	14%	15%	15%	12%	14%
Charterhouse Bank Ltd.	8%	6%	4%	7%	8%	7%
Chase Bank (K) Ltd.	4%	5%	6%	5%	4%	5%
Citibank N.A. Kenya	35%	32%	33%	35%	34%	34%
Commercial Bank of Africa Ltd.	25%	24%	25%	26%	23%	25%
Consolidated Bank of Kenya Ltd.	43%	44%	43%	40%	44%	43%
Co-operative Bank of Kenya Ltd.	42%	43%	43%	43%	42%	43%
Credit Bank Ltd.	41%	43%	43%	42%	42%	42%
Development Bank of Kenya Ltd.	25%	27%	29%	29%	30%	28%
Diamond Trust Bank Kenya Ltd.	38%	38%	39%	40%	40%	39%
Dubai Bank Kenya Ltd	32%	33%	34%	34%	35%	34%
Ecobank Ltd	46%	48%	49%	50%	50%	49%
Equatorial Commercial Bank Ltd.	35%	36%	37%	38%	38%	37%
Equity Bank Ltd.	40%	40%	41%	42%	43%	41%
Family Bank Ltd.	31%	33%	32%	33%	34%	33%
Fidelity Commercial Bank Ltd.	35%	35%	36%	35%	36%	35%
Fina Bank Ltd.	15%	17%	18%	16%	18%	17%
First Community Bank	23%	24%	26%	24%	25%	24%
Giro Commercial Bank Ltd.	18%	18%	19%	20%	19%	19%
Guardian Bank Ltd.	35%	37%	36%	37%	38%	37%
Gulf Africa Bank (K) Ltd	28%	29%	28%	27%	28%	28%
Habib Bank A.G. Zurich	26%	26%	27%	29%	29%	27%
Habib Bank Ltd.	26%	27%	27%	28%	28%	27%
Housing Finance Ltd.	34%	34%	35%	36%	35%	35%
Imperial Bank Ltd.	10%	11%	12%	14%	12%	12%
Investment & Mortgages Bank Ltd.	42%	45%	46%	47%	46%	45%
Jamii Bora Bank Ltd.	11%	12%	15%	14%	13%	13%
Kenya Commercial Bank Ltd.	26%	25%	24%	26%	26%	25%
K-Rep Bank Ltd.	29%	30%	29%	31%	30%	30%
Middle East Bank (K) Ltd.	27%	29%	30%	32%	32%	30%
National Bank of Kenya Ltd.	29%	30%	30%	31%	30%	30%
NIC Bank Ltd.	50%	51%	52%	51%	50%	51%
Oriental Commercial Bank Ltd.	26%	27%	28%	28%	29%	28%
Paramount Universal Bank Ltd.	31%	33%	35%	36%	34%	34%
Prime Bank Ltd.	26%	27%	27%	28%	28%	27%
Stanbic Bank Kenya Limited.	32%	33%	34%	33%	34%	33%
Standard Chartered Bank (K) Ltd.	43%	44%	43%	46%	46%	44%
Trans-National Bank Ltd.	30%	32%	33%	32%	32%	32%
UBA Kenya Bank Limited	38%	39%	40%	40%	39%	39%
Victoria Commercial Bank Ltd.	32%	32%	33%	32%	31%	32%

APPENDIX V: Corporate Social Responsibility Disclosure

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	38%	37%	36%	38%	35%	37%
African Banking Corporation Ltd.	42%	43%	42%	41%	43%	42%
Bank of Africa (K) Ltd.	28%	26%	27%	28%	27%	27%
Bank of Baroda (K) Ltd.	24%	24%	23%	25%	24%	24%
Bank of India	5%	6%	9%	8%	8%	7%
Charterhouse Bank Ltd.	3%	2%	1%	2%	2%	2%
Chase Bank (K) Ltd.	1%	1%	2%	1%	1%	1%
Citibank N.A. Kenya	20%	19%	19%	20%	22%	20%
Commercial Bank of Africa Ltd.	6%	8%	7%	9%	10%	8%
Consolidated Bank of Kenya Ltd.	24%	23%	25%	23%	24%	24%
Co-operative Bank of Kenya Ltd.	44%	44%	45%	46%	46%	45%
Credit Bank Ltd.	44%	45%	45%	47%	48%	46%
Development Bank of Kenya Ltd.	16%	17%	19%	18%	18%	18%
Diamond Trust Bank Kenya Ltd.	48%	49%	49%	51%	50%	49%
Dubai Bank Kenya Ltd	13%	13%	15%	14%	15%	14%
Ecobank Ltd	34%	35%	36%	37%	38%	36%
Equatorial Commercial Bank Ltd.	24%	26%	26%	26%	25%	25%
Equity Bank Ltd.	47%	48%	49%	50%	52%	49%
Family Bank Ltd.	25%	24%	26%	25%	24%	25%
Fidelity Commercial Bank Ltd.	52%	51%	49%	49%	50%	50%
Fina Bank Ltd.	10%	12%	15%	17%	16%	14%
First Community Bank	8%	9%	9%	11%	12%	10%
Giro Commercial Bank Ltd.	12%	8%	9%	10%	11%	10%
Guardian Bank Ltd.	14%	14%	15%	16%	15%	15%
Gulf Africa Bank (K) Ltd	24%	25%	25%	24%	23%	24%
Habib Bank A.G. Zurich	4%	5%	5%	5%	6%	5%
Habib Bank Ltd.	18%	19%	19%	20%	19%	19%
Housing Finance Ltd.	33%	34%	34%	34%	35%	34%
Imperial Bank Ltd.	2%	4%	5%	4%	6%	4%
Investment & Mortgages Bank Ltd.	46%	47%	48%	49%	50%	48%
Jamii Bora Bank Ltd.	2%	3%	2%	5%	4%	3%
Kenya Commercial Bank Ltd.	40%	41%	41%	42%	42%	41%
K-Rep Bank Ltd.	29%	29%	31%	32%	30%	30%
Middle East Bank (K) Ltd.	1%	2%	3%	2%	4%	2%
National Bank of Kenya Ltd.	23%	22%	22%	21%	21%	22%
NIC Bank Ltd.	52%	53%	52%	51%	50%	52%
Oriental Commercial Bank Ltd.	34%	33%	34%	35%	36%	34%
Paramount Universal Bank Ltd.	2%	4%	5%	9%	8%	6%
Prime Bank Ltd.	20%	21%	22%	23%	22%	27%
Stanbic Bank Kenya Limited.	6%	6%	7%	7%	8%	7%
Standard Chartered Bank (K) Ltd.	20%	24%	25%	26%	26%	24%
Trans-National Bank Ltd.	22%	23%	22%	21%	20%	22%
UBA Kenya Bank Limited	18%	19%	21%	20%	20%	20%
Victoria Commercial Bank Ltd.	14%	15%	15%	14%	14%	14%

APPENDIX VI: Environmental Disclosure

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	14%	13%	15%	13%	14%	14%
African Banking Corporation Ltd.	34%	36%	35%	32%	31%	34%
Bank of Africa (K) Ltd.	6%	7%	8%	7%	9%	7%
Bank of Baroda (K) Ltd.	10%	11%	12%	11%	12%	11%
Bank of India	1%	2%	3%	3%	2%	2%
Charterhouse Bank Ltd.	1%	2%	1%	1%	1%	1%
Chase Bank (K) Ltd.	1%	1%	1%	2%	1%	1%
Citibank N.A. Kenya	30%	30%	29%	32%	30%	30%
Commercial Bank of Africa Ltd.	3%	4%	3%	2%	4%	3%
Consolidated Bank of Kenya Ltd.	6%	4%	5%	6%	6%	5%
Co-operative Bank of Kenya Ltd.	42%	42%	41%	42%	43%	42%
Credit Bank Ltd.	32%	35%	38%	41%	40%	37%
Development Bank of Kenya Ltd.	7%	8%	8%	9%	10%	8%
Diamond Trust Bank Kenya Ltd.	14%	15%	18%	18%	17%	16%
Dubai Bank Kenya Ltd	8%	9%	10%	12%	9%	10%
Ecobank Ltd	29%	30%	32%	34%	34%	32%
Equatorial Commercial Bank Ltd.	8%	9%	9%	10%	9%	9%
Equity Bank Ltd.	26%	27%	28%	28%	27%	27%
Family Bank Ltd.	9%	9%	7%	8%	10%	9%
Fidelity Commercial Bank Ltd.	8%	10%	10%	11%	10%	10%
Fina Bank Ltd.	1%	5%	2%	9%	8%	5%
First Community Bank	5%	3%	4%	3%	4%	4%
Giro Commercial Bank Ltd.	7%	8%	10%	11%	9%	9%
Guardian Bank Ltd.	3%	3%	4%	3%	5%	4%
Gulf Africa Bank (K) Ltd	5%	4%	3%	5%	4%	4%
Habib Bank A.G. Zurich	8%	9%	12%	13%	13%	11%
Habib Bank Ltd.	2%	3%	3%	3%	4%	3%
Housing Finance Ltd.	50%	51%	51%	52%	51%	51%
Imperial Bank Ltd.	1%	2%	1%	1%	1%	1%
Investment & Mortgages Bank Ltd.	20%	21%	20%	23%	24%	22%
Jamii Bora Bank Ltd.	1%	1%	3%	2%	1%	2%
Kenya Commercial Bank Ltd.	36%	35%	37%	37%	38%	37%
K-Rep Bank Ltd.	4%	5%	5%	6%	5%	5%
Middle East Bank (K) Ltd.	2%	1%	2%	1%	1%	1%
National Bank of Kenya Ltd.	8%	5%	7%	6%	4%	6%
NIC Bank Ltd.	22%	23%	24%	25%	24%	24%
Oriental Commercial Bank Ltd.	16%	15%	16%	17%	17%	16%
Paramount Universal Bank Ltd.	11%	12%	13%	13%	10%	12%
Prime Bank Ltd.	3%	4%	4%	6%	5%	4%
Stanbic Bank Kenya Limited.	3%	4%	4%	5%	4%	4%
Standard Chartered Bank (K) Ltd.	21%	22%	21%	23%	24%	22%
Trans-National Bank Ltd.	2%	3%	2%	2%	1%	2%
UBA Kenya Bank Limited	2%	3%	4%	3%	3%	3%
Victoria Commercial Bank Ltd.	1%	1%	1%	1%	1%	1%

APPENDIX VII: Financial Performance

Commercial Banks in Kenya	2015	2016	2017	2018	2019	Average
ABSA of Kenya Ltd.	17%	18%	18%	16%	16%	17%
African Banking Corporation Ltd.	11%	15%	16%	16%	13%	14%
Bank of Africa (K) Ltd.	18%	18%	19%	20%	18%	19%
Bank of Baroda (K) Ltd.	9%	10%	11%	12%	9%	10%
Bank of India	2%	3%	4%	5%	4%	4%
Charterhouse Bank Ltd.	-1%	3%	4%	1%	2%	2%
Chase Bank (K) Ltd.	8%	2%	5%	-3%	-8%	1%
Citibank N.A. Kenya	10%	9%	12%	7%	14%	10%
Commercial Bank of Africa Ltd.	8%	5%	6%	7%	5%	6%
Consolidated Bank of Kenya Ltd.	16%	10%	15%	10%	13%	13%
Co-operative Bank of Kenya Ltd.	25%	23%	17%	18%	19%	21%
Credit Bank Ltd.	23%	26%	27%	23%	25%	25%
Development Bank of Kenya Ltd.	12%	15%	14%	13%	10%	13%
Diamond Trust Bank Kenya Ltd.	19%	20%	24%	26%	25%	23%
Dubai Bank Kenya Ltd	17%	16%	18%	18%	17%	17%
Ecobank Ltd	12%	14%	12%	11%	13%	12%
Equatorial Commercial Bank Ltd.	14%	12%	11%	17%	16%	14%
Equity Bank Ltd.	26%	25%	25%	26%	24%	25%
Family Bank Ltd.	12%	11%	13%	10%	9%	11%
Fidelity Commercial Bank Ltd.	24%	25%	21%	23%	25%	24%
Fina Bank Ltd.	3%	4%	5%	4%	3%	4%
First Community Bank	10%	11%	10%	9%	8%	10%
Giro Commercial Bank Ltd.	7%	8%	9%	10%	6%	8%
Guardian Bank Ltd.	11%	12%	9%	11%	12%	11%
Gulf Africa Bank (K) Ltd	15%	14%	13%	10%	17%	14%
Habib Bank A.G. Zurich	10%	13%	18%	12%	14%	13%
Habib Bank Ltd.	13%	13%	12%	12%	12%	12%
Housing Finance Ltd.	20%	17%	19%	18%	16%	18%
Imperial Bank Ltd.	9%	10%	-10%	-5%	-9%	-1%
Investment & Mortgages Bank Ltd.	21%	23%	16%	28%	26%	23%
Jamii Bora Bank Ltd.	2%	3%	2%	1%	3%	2%
Kenya Commercial Bank Ltd.	20%	20%	20%	22%	21%	20%
K-Rep Bank Ltd.	9%	10%	11%	10%	10%	10%
Middle East Bank (K) Ltd.	6%	8%	10%	7%	4%	7%
National Bank of Kenya Ltd.	-5%	-6%	-8%	-12%	-10%	-8%
NIC Bank Ltd.	24%	20%	16%	20%	19%	20%
Oriental Commercial Bank Ltd.	13%	15%	21%	14%	18%	16%
Paramount Universal Bank Ltd.	10%	11%	13%	14%	15%	13%
Prime Bank Ltd.	12%	9%	11%	10%	10%	10%
Stanbic Bank Kenya Limited.	20%	17%	18%	16%	15%	17%
Standard Chartered Bank (K) Ltd.	18%	21%	19%	21%	18%	19%
Trans-National Bank Ltd.	10%	12%	17%	15%	16%	14%
UBA Kenya Bank Limited	18%	19%	21%	19%	20%	19%
Victoria Commercial Bank Ltd.	19%	21%	16%	10%	5%	14%