THE EFFECT OF VOLUNTARY DISCLOSURES BY COMPANIES LISTED THE NAIROBI SECURITIES EXCHANGE ON THE INVESTORS' CONFIDENCE

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DECLARATION

I, the undersigned, declare that this project is my original work and it has not been presented in any other University or Institution for academic credit.

Signature.. Date...................................

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This research project has been submitted for examination with my approval as the university Supervisor:-

Signature:…………………………………………… Date:.................................

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DEDICATION

This project is dedicated to God and family. To my wonderful parents Stephen Kagombe and Mary Wairimu. My loving husband Timothy and adorable Son Nathan. And to my precious siblings Margaret, Alex, Moses and Olive. And finally to my special friends Sue and Liz.

TABLE OF CONTENTS

LIST OF TABLE

LIST OF ABBREVIATIONS

AIM: Alternative Investment Markets

CMA: Capital Markets Authority

MIM: Main Investment Markets

NSE: Nairobi Securities Exchange

ABSTRACT

The dynamics investing today has led to a situation where investors are more skeptical on where they are investing. They are constantly in need of more information before they make the ultimate final decision that they would like to invest in a certain organization and not the other. One way of increasing the level of confidence is through disclosure of additional information by organizations other than what is required by law. The study strives to answer the question as to the effect that voluntary disclosure has on the level of investor confidence and specifically on firms that are trading their shares on the securities exchange.

The study used descriptive analysis to analyze the information that was collected through primary and secondary sources. A score was determined to establish the level of disclosure that organizations are making and a Likert scale was used to determine the level of investor confidence. Regression analysis was used to show how the movement in the level of disclosure impacted the level of confidence in the investors.

The outcome of the research indicates that when the voluntary disclosure are higher is high, the investors tend to be more confident and are willing to invest in such organizations. The study, therefore, recommends that organizations need to keep increasing the amount of information that they are giving to investors to ensure that they do not lose on prospective clients. The study, however, cautions that organizations should be careful about the information they disclose to avoid legal repercussions as well as the related costs.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The trading of securities is dependent on the level of release of information with or without legal enforcement. The intention of financial statements is to give investors as much information for them to make investing decisions. It is through this that they get quality information as the rates of return (Guillaume, 2007). Voluntary disclosure, however, requires the management of the company to do more than the regulatory requirement. They are expected to go an extra mile in the amount of disclosures that they make to the stakeholders.

Corporate governance has had a growing importance of in solving governance related issues in running a company. With the growing and developing economies, there is a need to regulate the listed companies and companies not listed on the exchange. Good governance encourages companies to be responsive and accountable through integrity to guarantee that the rights of the interested parties are recognized and secured (Tsamenyi & Uddin, 2008). The regulatory structure for capital markets provides a choice between statutory regulation and self-regulation. Statutory regulation is characterized by the government using the full power of the law while self-regulation is by the industry policing its activities by agreed standards on a collective basis. Statutory regulation has considerable benefit in that it is capable of being applied to all participants including the investors. Self-regulation or voluntary regulation is flexible but only applies to the members of the particular organization concerned, in this case, the securities exchange. A balance between the two has the best result and the particular mix adopted depends largely on the needs of the particular jurisdiction as well as other factors such as the size of the organization (Coglianese et al., 2004).

The objectives of securities regulation include the protection of investors; ensure unbiased, effective and transparent disclosures to ensure reduction of systemic risk, for the ultimate purpose of increasing investor confidence. Of these three objectives, investor protection is the core of capital markets jobs in regulating the market which is important for small investors as well as institutional investors (Sparrow, 2000).

The Kenyan government has recently embarked on reforms at the Nairobi Securities Exchange aimed at transforming the exchange to a place where mobilization of domestic and foreign capital can occur. Therefore, corporate financial reporting and specifically voluntary disclosures have become a vital part of the process of building investor confidence both locally and abroad. With the continuing need to increasing the investments channeled to Kenya through the securities exchange Kenyan companies are now engaging in voluntary disclosures as a means of enhancing their value. Initial studies have shown that voluntarily giving information provides a platform for lowering the cost of capital (Barako, 2007).

1.1.1 Voluntary Disclosures

Provision of information voluntarily by the board and the management of a company beyond the requirements of the Capital Markets Authority (CMA) and the Security Exchanges is voluntary disclosure (Gakeri, 2012). The information given is considered significant for the purpose of making decisions by the persons using the reports. Voluntary disclosures is dependent on the geographic region, the industry and the size of the company. For companies to disclose information voluntarily, they are guided by the principles of corporate governance. They are a code of conduct that must be nurtured and encouraged to evolve. Voluntary regulations relate to both the financial and the non-financial information that is important to stakeholders such as strategy, and social responsibility practices (Ihlen, Bartlett, & May 2011). The disclosure index in the study for measuring the level of voluntary disclosure will include corporate and strategic information, financial and capital information, social and board disclosures, corporate social responsibility and forward-looking information.

The information on the firm's background referred to as the corporate and strategic information reveals information on, the market, the competition, the industry and the prevailing economic and political environment that is affecting the firms' performance. The strategy of the firm looks at the long-term prospects of the firm and where the firm is headed. Disclosure on the organizations' plans is non-financial information that provides important information to the investors on the opportunities and the risks of investing in the company.

Financial and capital information are other factors that firms need to disclose on. Firms today are at a place where they can provide analysis of their performance through historical data which is more has six years old through information such as ratios and trend analysis. This information enables investors to see the trends of wealth creation, market capitalization, and share prices. This information provides a platform for investors to understand the factors that affect the performance of an organization and the ability of the organization to show growth in the future may be necessary for the decision-making process of investors.

Social and board disclosures is a voluntary disclosure that firms need to consider. In the light of the growing need for transparency, firms are in a place where they need to disclose information on their directors. It discloses the qualifications of the managers and the level of skill that they have in the position that they have held. Some firms go an extra mile to provide information on director’s remuneration, the number of employees, productivity indicators, and staff turnover ratios.

Firms have to decide on the amount of forward-looking information to give to investors. Firms are not forced to provide information on the plans they have for the future. However, firms sometimes provide information relating to prospects, forecast, and the potential of the firm.

Firms today are forced to engage in humanitarian activities regarding the society they are living in and the environment. This kind of disclosure helps with the stakeholders to have the outlook that the firm is engaging in corporate actions. Sometimes voluntary disclosures may relate to an event that may have happened, and the firm would like to correct misinformation voluntarily and to explain what the firm is doing to correct the situation.

1.1.2 Investor Confidence

Investor confidence is a major driver of the securities market, and it is important for every company to uphold very high standards of operations in order to keep the share prices steady in the market. It has been found that in fact investors who are more confident in the market trade more than those that are less confident (Barber and Odean 2001).

Trading in the securities market is higher when investors are confident of the information that is released by firms. Given that higher risk is associated with higher returns, when investor confidence is high, the risk appetite also increases significantly (Meier, 2016).

Clients tend to run towards the safe securities which have not had issues in the past. Investor confidence is upheld in knowing that the Capital Markets authority has laid out regulations that are expected to be followed by every company. However, to cement this confidence, companies today are finding themselves in a position where they have to do more than just the necessary. We see today companies giving information every day to the various stakeholders to ensure that they keep everyone in the loop.

1.1.3 Voluntary Disclosures and Investor Confidence

For the effective functioning of the capital markets, companies have the role of sharing information among companies, security analysts, and shareholders. Other than the traditional disclosure of information through financial statements, companies should go out of their way to provide information on the plans that the organization has that would impact the decisions that the investors would make. Through improved sharing of information, investors tend to have more faith and confidence in the management of a company. Information sharing tends to increase management credibility, patience, and confidence which eventually improves the value of the shares of the company (Naciri, 2008). Size of the organization is crucial to the level of voluntary disclosures that an organization is willing to make. Hieu and Lan (2015) in their study on the factors that influence the extent to which companies disclose information voluntary indicate that size is a major determinant.

The instability in the financial markets in Kenya and worldwide have to investors paying more information to the additional disclosures that a company is making. Investors make choices based on information that is circulated on various non-financial, fiscal reports distributed by listed companies. Therefore, companies in Kenya are encouraged to make more voluntary disclosures.

With the increased encouragement for companies to attract more investors by the Nairobi Securities Exchange, companies are continually being encouraged to provide as much information as is practically possible. Research has shown that the level at which firm are disclosing information voluntarily is increasing (Barako, 2000). It, therefore, expected that with the increased tightening of corporate governance on the participants, voluntary disclosure would be enhanced

1.1.4 Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) in Kenya is the platform for trading in securities using automated systems. It was established over six decades ago and has provided a platform that is well regulated and robust for the trading of equities and bonds. It was established in the 1920's where trading was mainly a gentleman's agreement with no physical floor and has grown steadily towards what it is today as the second self-listed security exchanges in Africa. It is through the Nairobi securities exchange that the disclosures have an impact on how investors trade. When the level of disclosure is high, it is anticipated that the investor confidence will be higher and the level of trading will also be high.

The NSE is licensed under the Capital Markets Act to trade securities in Kenya. The performance of the Nairobi Securities Exchange is an indication as to whether the investors have trust in the safety of their investment or not. When investor confidence is low, the level of trading in the NSE goes down significantly.

NSE is categorized into different market segments mainly the Main Investment Markets (MIM), or the Alternative Investment Markets (AIM). The companies are categorized into 11 sectors. The number of companies currently listed on NSE is 65.

1.2 Problem Statement

Disclosing information in the society today means that companies are expected to give people information publicly. In the initial stages of entering the market, companies generally give information compared to the later years. The concept of voluntary disclosure has grown given the need to keep tabs with the clients. The modern client has challenged companies with the need to do more that which is required by law.

Over the years there has been a linkage between the quality of voluntary disclosures and the security returns and consequently, the securities market performance. Given that voluntary disclosure of information bears a cost, it is important to establish the effect is has on the securities exchange as would be expected by the investors. This, therefore, leads us to the outlook of the problem of what is the impact that voluntary disclosure has on investor confidence in the securities market and in particular to the organizations that are listed on the Nairobi Securities Exchange.

In a research done on the listed firms in the USA on the analysis of financial disclosure by firms listed noted that the quality of disclosure is seen well in larger firms than in smaller firms. Goch (2006) indicated that in the economy today, the traditional form of reporting is now complemented by voluntary disclosures which speed up the process if the securities market acknowledgment of corporate value. His studies showed that there is a general trend towards corporate financial disclosure to enhance the value of the organization. Roy (2001) did a study in Europe and found that it had been demonstrated that voluntary disclosure has the potential to affect the security prices and thereby the market value of the firm when the firms are not in a state of strong form efficiency. He, however, notes that the executives of the organization are at liberty to decide the kind of information they would like to give to the public voluntarily. But to increase the competitive edge and the need for financing it is critical that firms participate in voluntary disclosures.

The years 2007 and 2008 saw the collapse of two major stockbroking firms in Kenya Francis Thuo and Partners and Nyaga Stockbrokers respectively. These events have seen many

Kenyan investors lose their hard earned savings that had been invested through these stockbrokers and also not reach their investment goals. Corporate financial reporting through annual reports provides an avenue for communicating financial and non-financial information. The NSE has grown tremendously over the years and therefore attracted more local and foreign investors. Therefore, in Kenyan context, companies may be attracted to providing more information voluntarily to enhance the value of their securities. Voluntarily disclosing information is a calculated tool used to lower the cost of capital in a firm, this study will look at this and whether they have impacted positively on the firm (Mutiva, 2015).

Technology has come in and brought about a state where investors are more informed and can keep up with market trends on real time basis. This also means that companies have a platform to communicate to their clients on real time basis. And give the need to be at a place where companies maintain a competitive edge, acquire the best investors and good financing, voluntary disclosures is critical.

1.3 Research Objective

The aim of the study is to determine the effect that voluntary disclosures have on the level of investor confidence in Kenya with a focus on companies listed on the Nairobi Securities Exchange.

1.4 Value of the study

This study will be important to investors, firm managers, and the academicians. For investors to make informed decisions on whether they should put their money into the securities market. The study will help them to understand what the Capital Markets is doing to ensure that their investments are well protected. This is because they will be aware which firm is going out of their way to give more information than required by law. Managers will understand the skepticism of investors in the choice of their investments. The academicians will add to the field of finance. The Nairobi Securities Exchange and Central markets authority will gain value from the recognition of the various factors that affect the investors' confidence in the NSE in Kenya and know how their policies can be improved.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Over the years theories have been analyzed in an effort to explain the concept of voluntary disclosure. The theories include: Agency theory, signaling theory, capital needs theory as well as the legitimacy theory as explained below.

2.2 Theoretical Review

The theoretical review is meant to provide an understanding of phenomena that explains the currently existing knowledge. It explains how theories are used to support the study and some of the assumptions that have been adopted.

1.2.1. Agency Theory

An agency association is as a contract in which one person (principal) engages another person (agent) to provide service on their behalf, and it entails giving the mandate for decision making (Jensen and Meckling, 1976). Agency costs arise because the agents and the principals have different interests and therefore costs such as monitoring costs are incurred to limit the actions of the agents. Agency costs are unavoidable in an organization because principals are not always in charge; the costs are spent in providing incentives such as gratuities and stock options and moral incentives for agents to perform their duties properly, thereby supporting the interests of principals and agents.

The level of disclosure may vary despite the availability of regulations. Corporate reporting is expected to provide the investors with the minimum information required to make decisions (Al-Razeen & Karbhari 2004).

Studies have suggested that a possible way that can work toward reducing the agency cost is disclosing more information voluntarily regarding the management activities and the real economic position of the organization (Hossian 2008). This view was supported by Fray et al. (1995) who claimed that accounting information is a tool to resolve the conflict between the various stakeholders.

1.2.2. Signaling Theory

The signaling concept was established to explain the information irregularity in the trade in the labor market (Spence, 1973). The aim was to use it to get clarification disclosure in corporate reporting regarding the level of voluntary disclosure (Ross, 1977). The signaling theory argues that in an efficient market, the management can use such information as the dividend payment to inform investors on something that they may not know (Ross, 1977). It, therefore, means that the management holds an upper hand in the information released, and the reaction received. Voluntary disclosure is one way in which the management can use to disclose information that is not mandatory by law and regulation (Campbell et al., 2001). This means that that will give additional information to create a reaction in the market to their advantage.

The additional information that could be used as a signal in the market could include profitability indicators. Research has shown that companies that are profitable based on signaling theory do so independent of the legal requirement. Capital Need Theory

Companies are always looking for financing to assist with expansion and the growth of the organization. This could be done through either debt or equity. This theory suggests that voluntarily disclosing information assists; a firm helps the company in raising capital at a lower cost (Choi et al., 1973). The cost of capital of a company has been seen to include a margin to cover the information that investors may not be aware of. This premium can be reduced by the organization the ability of investors to deduce the organization's fiscal projections that is shown by the voluntary disclosures (Financial Accounting Board, 2001).

There is a positive link between the cost of capital and level of voluntary disclosures given that the higher the level of disclosures the lower the costs of capital. However, Botosan, (2006), indicates that some of the disclosures that a company makes may have a negative impact depending on the way this information is interpreted in the market.

1.2.3. Legitimacy Theory

The theory has the assumption that the company has no valid right to exist and run operations unless its principles are observed to be similar with those of the community that is operating (Dowling & Pfeffer, 1975). The idea of providing accounting information is to provide information that is necessary for decision making and will satisfy the interests of the society. It, therefore, invokes the company to answer the questions such as why they took some actions, what is the way forward, when do they expect to do some things (Magness, 2006).

Given the perception of the public, it means that the organization's management is forced to disclose information that will have an impact on the perception of the society. Magness (2006) indicates that the legitimization of an organization occurs through the provision of legitimate information as well as voluntary disclosures that are provided under the additional notes in the financial statements

2.3 Determinants of voluntary disclosures

Studies have shown that there are factors that motivate the managers of the organization to disclose information to the public voluntarily without being forced by legal regulations. However, this does not mean that there are no constraints towards the endeavors of the organization to provide such information. The six motivations towards providing voluntary disclosures are (Healy and Palepu 2001):

2.3.1. Capital Markets Transactions and Information Asymmetry

From the previous studies, it was found that the cost of capital of an organization could be decreased through the issuance of voluntary disclosures. This means that the management of the organization who want to raise new capital through capital and debt have towards changing the perception of the organization. Given that there is information disproportionateness between the managers of an organization and the investors, this gap can be filled through these disclosures (Healy & Palepu, 2001). This eventually means that the cost of capital of the organization is decreased.

2.3.2. Corporate Control Contest

Graham et al., (2005) indicates that no firm wants to be undervalued which is a situation that leads to the securities if the firm selling for a price that s below that true intrinsic value. There will therefore be a motivation by the management of an organization to voluntarily in order to avoid such occurrences. In the case of listed companies, it would be very risky to have poor securities performance and especially when related to communication. Therefore, the corporate contest becomes a major source of motivation for organizations to give more information voluntarily than is legally required in order to ensure that its securities are not undervalued (Healy & Palepu, 2001).

2.3.3. Stock Compensation

Organizations today reward their managers through stock compensation plans such as through stock appreciation, stock grants and therefore managers want to disclose as much information as possible in order to keep their incentives high (Healy & Palepu, 2001). The managers in this instance would be perceived to be receiving an incentive that could act in good faith with the shareholders of the entity whose aim is to minimize organizational costs (Aboody and Kasnk, 2000). Secondly, voluntarily disclosing information by the managers would be required as a way of meeting the regulatory requirements with regards to insider trading which will consequently correct the existing undervaluation perception in the market and especially before the stock option rewards finish (Healy & Palepu, 2001).

2.3.4. Increased analyst coverage

Analysts are in the business of ensuring that they acquire the information, analyze it and disseminate it to ensure that investors can make a decision on whether to buy or sell shares. This means they incur costs in collecting such information. In the case where the management of the organization discloses more information, the cost of acquiring such information by analysts decreases. Yet this information is not required by law. This means that the number of analysts that will be studying the company increases and therefore the coverage of the organization publicly increases (Graham et al., 2005).

2.3.5. Management talent signaling

A talented manager is one who is in a position to ensure that the company forecasts are in order and that the organization is running smoothly. Investors too, perceive the managers' abilities in predicting future economic environment and responding in such a way to ensure that the value of the organization is maintained. It is through voluntary disclosures on this prospects that the investors are able to recognize the talent existing in the organization (Graham et al., 2005). This means that the level of investors' confidence increases and in essence the cost of capital reduces (Healy & Palepu, 2001).

2.3.6. Limitations of mandatory disclosure

Mandatory disclosure is not always in a position to meet all the informational needs of the organization by the investors (Graham et al. 2005). Mandatory regulation only requires the firms to provide the minimum quantity of information. Therefore, voluntary disclosures come to fill the void that is left by the mandatory disclosures.

2.4 Empirical Review

The empirical review will show knowledge that is acquired from other scholars both locally and internationally. It entails review of studies and surveys that have been done.

2.4.1. International Studies

There is a high correlation between the level of voluntary disclosure and investor confidence. In a study done by Rajsee (2015) in India tests indicated that when firms voluntarily disclose information that is non-financial and forward-looking, investors tend to trade more and therefore increasing the market liquidity. However the study indicated that disclosure on general and strategic information has the least impact. The study concluded that in a bid to attract both local and foreign investors, it is fundamental that firms keep increasing the level of voluntary disclosures done.

The relationship between the level of disclosure and the impact that it has on the cost of capital has received considerable attention over the years. However, the impact that voluntary disclosures have on investors' confidence compared to mandatory disclosures are quite different. This is because mandatory is what is what is required and therefore may not have the additional notes that the management may have and the public does not (Cheynel, n.d.). This implies that voluntary disclosures are fully at the discretion of the management of the organization.

Kumar, Langberg, & Sivaramakrishnan (2012) did a study on the impact that voluntary disclosure on the availability of investment opportunities as well as influencing investment decisions that investors make. The ability of the firm managers to disclose both positive and negative information is key to the influencing the securities returns. The study indicated that negative information may have short-term negative implication but have the long-term implication of enhancing the confidence of the organization.

Risk averse clients tend to require more information in order to make an investing decision. In the economy, investors are in the business of observing disclosures which the firm are at liberty of deciding whether to disclose or not. However, it is through the observation of the investors and that they price the firm through the forces of demand and supply (Dye, 1985). Studies have shown that economically, firms that make more voluntary disclosures have a lower cost of capital. There is a relationship between voluntary disclosures and investors level of updated estimate of the firm's systematic risk per shilling of expected cash inflows. Conditional to voluntary disclosure, investors will expect more cash flows and therefore diluting the firms’ sensitivity to systematic risk and therefore reducing the cost of capital and increasing the value of the firm (Dye, 1985).

2.4.2. Local Studies

Barako (2006) did the study and found that the level of voluntary disclosure is negatively associated with the level of family ownership. This is because the family members are less willing to disclose what is going on their organization as opposed to the firms that are publicly listed. In his studies, he also showed that the company size is also a determinant of the level of disclosure. Larger firms have a higher tendency to have more information released that smaller firms because the public has a higher need for information for bigger firms. Larger firms also require more finances and therefore are at a place to disclose more information to meet their internal financing needs.

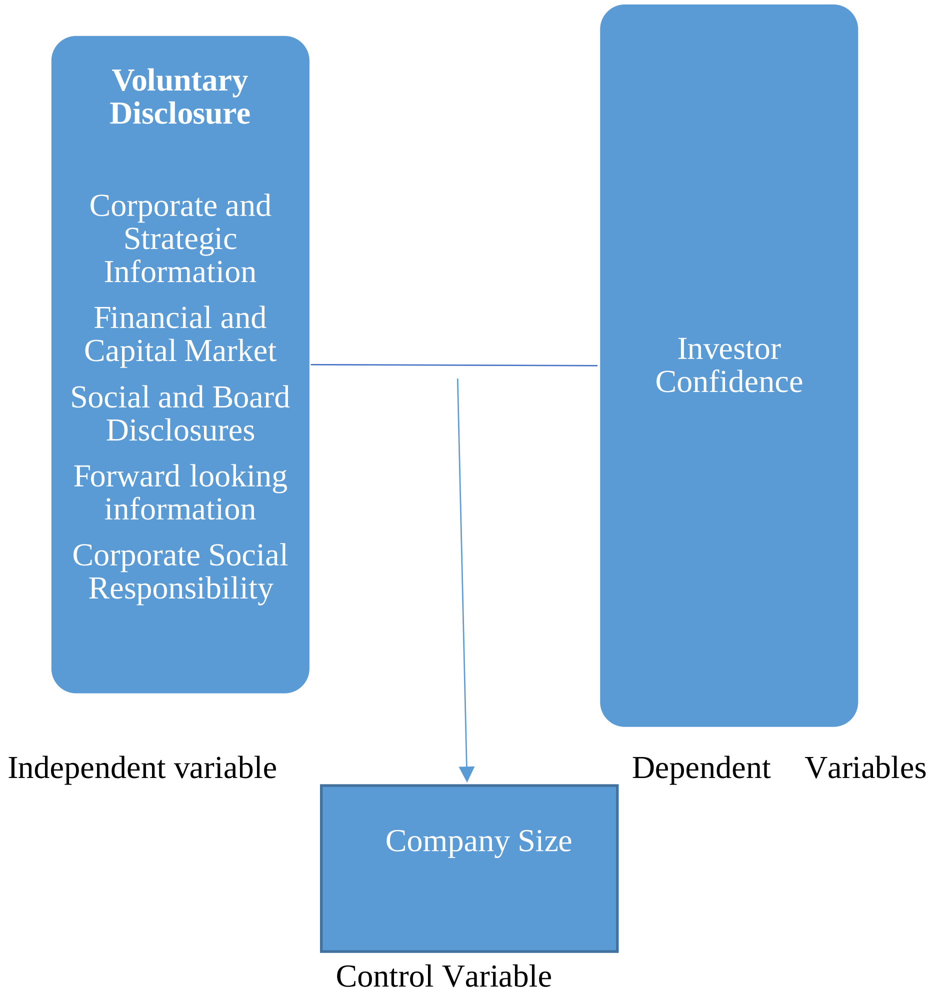
Wambugu and Essajee (2016) in their study on the impact of voluntary disclosures on the returns on the stock market indicate that by the management of the firm ensuring that investors are confident, the market gets busy. Investors will more voluntarily channel their savings into the stock market when they have as much information as possible. Their study concluded by showing that through increased corporate social responsibility, firms have the role in disclosing information voluntarily to ensure that the stock returns stay favorable.

In a study done by Wesonga (2008), he showed that investors in Kenya make decisions based on the information that they receive from the companies. Investors take the information received from the management seriously. This is because investors require both financial and non-financial information to make important investing decisions. When investors are not in a situation where they are not receiving adequate information, the level of confidence in the companies reduces and subsequently the level of market trading also reduces significantly.

Mwirichia (2008) conducted a study on the role that corporate governance plays in ensuring that companies disclose as much information as investors require. In the study, he indicated that even though companies are disclosing mandatory information, the level voluntary disclosures is still low. This is based on the argument that there are many factors surrounding the release of information voluntarily such as the cost implication as well as the size of the organization.

Asava (2013) in her research on the impact that voluntary disclosure has on the security prices in the market indicated that there is no link between the two. However, it is key to note that her study was constrained by the limitation on the sample of study that was used.

2.5 Conceptual Framework



The conceptual framework highlights the anticipated link between the disclosures that are made voluntarily and investor confidence which are influenced by the size of the company.

2.6 Summary and Conclusions

The chapter has analyzed the voluntarily disclose information in the financial reports which including the various theories. They have provided a platform to provide and explanatory insight to the concept of voluntary disclosures. The chapter has also discussed the various limitations that exist with regards to voluntary disclosures and finally the sources of voluntary disclosures.

Future research is still required by academicians since there are other aspects of disclosure that have not been explained satisfactorily such the assumptions that the various theories are based upon. Therefore the entities planning to disclose information voluntarily should do so with caution as the information that is given cannot be taken back and it means that the society will always expect them to give more.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

The methodology section deliberates the design of the study, the study populace, the sampling frame, the sample size and the data analysis. They are the factors that were considered when making a decision on how to collect data to answer the research questions which looks into determining the impact of voluntary disclosures on the level of investor confidence in Kenya.

3.2 Research Design

The research design is meant to provide a platform to integrate the components of the study to ensure that the research is able to answer the research question. It ensures that the research question is addressed with as little ambiguity as possible and is also logically done. It allows the researcher to a guide on data collection, analysis and interpretation (Kothari, 2004).

A descriptive research design will be used to describe the impact that voluntary disclosure has on the investor confidence in companies that are listed on the securities exchange. It will be applied together with a content analysis. There are no standard theories developed to select items that identify the level and extent of voluntary disclosure. Disclosure has been known as abstract in nature and contains no qualities that can be measured to establish the intensity (Barako, 2006). Therefore for such a study content analysis will be used to determine the level of disclosure and the impact that it has on investor confidence by companies listed on the securities exchange.

The study will entail looking into data from existing financial statements, media statements, and oral communication. The information collected will be systematically evaluated and interpreted to enable the research to answer the research questions that were raised.

3.3 Study Population

The population refers to all the individuals and groups of a study. The population is the individuals that share common characteristics. The population under study is the list of companies that are trading on the securities exchange in Kenya. Presently there are 65 firms trading in the NSE. Primary data will be collected from the investors through the various investing agencies such as the Standard Bank Group securities.

3.4 Data collection

Secondary data sources will be combined with primary data sources to get data on the study. Secondary information is data collected via other parties in the past. The availability of this information makes it readily available for use and is, therefore, time saving and therefore ensuring efficiency. Even though secondary information if prone to obsolesce, the study ensures that the information use is only for the past five years. The financial information to be analyzed therefore only relates to the years 2011 to 2015. Primary data collection will done through a questionnaire and also using a 5 point Likert Scale.

3.5 Data Analysis

Data analysis will be done to determine the impact that voluntary disclosures has on investors' confidence in the securities exchange. This will be achieved through the use of a Likert Scale and review of the questionnaire.

A voluntary disclosure index was constructed to establish the level of voluntary disclosure in the securities exchange. The disclosures made in the company's annual reports were checked and compared to the disclosure checklist that was developed (See Appendix). There were 49 voluntary disclosures that were categorized depending on whether they were Corporate and Strategic Information, Financial and Capital Market information, Social and Board Disclosures, forward-looking information or Corporate Social Responsibility. A score of 1 is given to items included on the checklist and zero for the items not disclosed. Each item is viewed as equally important as the other. The level of voluntary disclosure is measured as the sum of all disclosures made. The sum total of the scores for each entity will be the raw scores. A disclosure score will be computed through a relative value as proposed by Botosan (2006).

The score will be computed as:

$$\text{Total Score} = \frac{\text{Raw Score}}{\text{Maximum Score}} * 1/5$$

The maximum score in the study is 49 given the number of disclosures (See Appendix) while 5 represents the disclosure subgroups.

To measure the level of investor confidence attributable to the level of voluntary disclosure, the Likert scale is used. The investor responses were rated between one and five depending on how the disclosures influence the level of confidence. The responses received will be reviewed using the regression analysis.

Univariate analysis is used to determine the level of correlation between investor confidence and the extent of voluntary disclosure which is the dependent variable in the study. In this analysis frequencies will be employed such as percentages, mean, and standard deviation to show the patterns of the data collected.

Multivariate analysis will be used through regression analysis to find out the impact of the various voluntary disclosures has on investor confidence.

The regression analysis to be applied in the study will be:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \Omega$

Where

Y = Level of Investor confidence

a = constant (The part of investor confidence that is influenced by other factors other than voluntary disclosures).

X_1 = Corporate and Strategic Information disclosure

X_2 = Financial and Capital Market disclosure

X_3 = Social and Board Disclosures

X_4 = Forward-looking information disclosures

X_5 = Corporate Social Responsibility disclosure

Ω = Control Variable

Investor confidence is the dependent variable that is determined by the disclosure of the various voluntary information disclosures indicates as x_1, x_2, x_3, x_5 and x_5.

3.6 Test of significance

The test of significance in the study will be used to determine whether the effect that voluntary disclosures has on investor confidence in companies listed on the trading market is significant. In this study, the standard deviation will have been determined, and the t-test of significance will be used.

The test statistic will be computed as:

$t = \frac{x-\mu 0}{\sigma/\sqrt{n}}$ Where

t is the t-statistic

x is the sample mean

μ is the normal mean

n is the number of companies under the study

σ is the standard deviation

Presentation of the analysis will be done through graphs, charts and pie charts highlighting the relationship between the disclosures that an institution makes and the relation that this has on the confidence of the investors. SPSS was used to ascertain the assumptions of the study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

The chapter will look into highlighting the findings that were made with regards to the level of disclosure that organizations make and how much impact it has in determining the level of confidence in the investors. Data collection to determine the level of disclosure was done through a secondary data to determine the extent of disclosure. This was done through the study of all the companies listed on the securities exchange where a score of 1 was given for disclosure and zero was given for non-disclosure for all the 49 disclosures under study for a period of five years. The intention of the study was to determine the extent to which voluntary disclosures have an impact on the investor confidence.

The various disclosures being the independent variables were used to measure the level of investor confidence as the dependent variable. The various subgroups included: Corporate and Strategic Information, Financial and Capital Market information, Social and Board Disclosures, forward-looking information and Corporate Social Responsibility.

4.2 Descriptive Statistics for investor confidence

To measure the level of investor confidence, a total of 30 questionnaires were sent to investors to determine the level that they rely on voluntary disclosures to increase their confidence levels. The questionnaires' aim was to query issues that investors look into in making a decision based on the level of confidence depicted on the financial statements.

Table 1: Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
corporate, business and marketing strategies	30	1.00	5.00	3.8000	.92476
Socio-Environmental disclosures	30	1.00	5.00	3.3667	.92786
Board disclosures	30	1.00	5.00	4.0333	1.03335
Financial Information	30	1.00	5.00	4.0667	1.08066
Forward-Looking Information	30	1.00	5.00	3.5333	1.40770
Valid N (listwise)	30				

Source: Researcher (2016)

A total of 30 investors were interviewed using a Likert scale where the maximum score was 5, and the minimum score was 1. Investor confidence depending on the level of disclosure of marketing information stood at 3.8 with a standard deviation of 0.9247. The level of investor confidence dependent on the level of social and environmental disclosures was at 3.4 with a standard deviation of 0.927. The level of mean depending on the level of board disclosures was at 4.0333 and a standard deviation of 1.0333 followed by the level of financial disclosures at 4.0667 and a standard deviation of 1.08066. Finally, the mean depending on forward-looking information was at 3.5333 with a standard deviation of 1.40770.

4.3 Level of voluntary disclosure by organizations

Data was collected through the analysis of the financial statements of listed entities as these are publicly available. From the analysis of the information, an index was derived to indicate whether entities have made an effort in the disclosure of information voluntarily in the market.

4.3.1 Level of disclosure of Corporate and Strategic Information

To establish the level of disclosures by firms listed on the NSE, the study looked into the notes provided in the financial statements of an organization. A total of 65 organizations were studied for a period of five years to establish the extent to which they have been giving information.

Table 2: Level of disclosure of corporate and strategic information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	13.8	13.8	13.8
	Yes	56	86.2	86.2	100.0
	Total	65	100.0	100.0	

Source: Researcher (2016)

Out of the 69 companies under the study, it was noted that 56 companies out of the possible 65 were able to disclose voluntarily on information regarding their corporate and strategic plans. The information under included analysis of the goal and objectives of the organization, the level of competition and the level at which the economic and political factors affect the operations of the organization. This information was highly disclosed through the media platforms as the media has a keen interest on keeping the various stakeholders informed.

4.3.2 Level of Disclosure of Financial and Capital Market information

Table 3: Level of disclosure of Financial and Capital Market information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	30	46	46	46.0
	Yes	35	54	54	100.0
	Total	65	100.0	100.0	

Source: Researcher (2016)

The analysis of the information indicated that companies to the level of 54% are going an extra mile to give an in-depth analysis of the information that is provided in the notes of their financial statements. Companies are increasingly adopting the habit of providing important ratios that they believe are useful to the users of the financial information. Ratios are a key indicator of the performance of the organization and are an easy way for the investors to scan through to establish how an entity is performing. Some of the key ratios indicated in the financial statements included the current ratios, debt ratio and the debt to equity ratios. The current ratio is key in informing investors on the working capital standing of an organization. Debt ratios are fundamental in informing investors how well the organization is managing finances and whether they are able to manage the finances they have internally or whether they are relying on borrowing as the main source of financing.

4.3.3 Level of Disclosure of Board Disclosures

Table 4: Level of disclosure of Board Disclosures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	36	55.38	55.38	55.38
	Yes	29	44.61	44.61	100.0
	Total	65	100.0	100.0	

Source: Researcher (2016)

The board information was seen from the analysis as fundamental to the level to which investors agreed to put their money to a given organization. It was analyzed that 29 of the organizations which make up 44% of the population under study were able to share information on the board composition as well as the qualifications, the shareholding of the board, the number of board meetings and the responsibilities that are played by the senior management.

Board information is considered necessary information as these are the people that make the critical decisions of an organization. Disclosure on remuneration, age and composition of the board is a concept that is slowly being adopted as organizations realize the impact that it has on the investors.

4.3.4 Level of disclosure of forward-looking information

Table 5: Level of disclosure of forward-looking information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	41	63.1	63.1	63.1
	Yes	24	36.9	36.9	100.0
	Total	65	100.0	100.0	

Source: Researcher (2016)

The concept of forward-looking information is being adopted by organizations in the securities exchange. Not many organizations, however, are giving the information on the forecasts that they have as well as new products that they intend to adopt in the future. A total of 24 companies has been trying to give information on the future steps that the entity is anticipating to follow. It could be in a bid to guard itself against competition and sabotage by other organizations working in a similar industry.

4.3.5 Level of disclosure of Corporate Social Responsibility

Table 6: Level of disclosure of Corporate Social Responsibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	16	24.6	24.6	24.6
	Yes	49	75.4	75.4	100.0
	Total	65	100.0	100.0	

Source: Researcher (2016)

The data collected on the level of corporate and social responsibility showed that 49 of the 65 companies were willing to voluntarily disclose on the roles they were playing towards making the society a better place. This formed 75% of the total organizations. It is an indication that organizations are increasingly engaging in roles in the community and are willing to share such information with their investors.

4.4 Regression analysis of Study variables

The Likert Scale was used to determine the level to which investors depend on voluntary disclosures to trade which in essence means that the level of confidence was higher.

The following statistical of the ANOVA were done in an effort to determine whether homogeneity of the variances were met.

Table 7: ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.654	5	.331	44.883	.000[b]
	Residual	.177	24	.007		
	Total	1.830	29			

Source: Researcher (2016)

a. Dependent Variable: InvConfidence

b. Predictors: (Constant), Forward-Looking Information, corporate, business and marketing strategies, Board disclosures, Socio-Environmental disclosures, Financial Information

From the analysis of the table, it is evident the significance level of 0.00 means that all the variable had significance as the significance value is below 0.05.

Table 8: Regression Model

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950[a]	.903	.883	.08584

Source: Researcher (2016)

a. Dependent Variable: InvConfidence

b. Predictors: (Constant), Forward-Looking Information, corporate, business and marketing strategies, Board disclosures, Socio-Environmental disclosures, Financial Information

From the analysis above, r^2 is at 0.903 indicating that the model was a good fit for the study. The model also indicates that 85.84% of the variable have an impact on the level of investor confidence. It indicates that 14.16 of the investor confidence is explained by other factors besides the level of voluntary disclosures. These factors could include factors such as the control variable which is the size of the organization.

Table 9: Regression Coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-1.462	.129		-11.330	.000
corporate, business and marketing strategies	.047	.018	.173	2.634	.015
Socio-Environmental disclosures	.113	.019	.419	6.129	.000
Board disclosures	.101	.016	.414	6.399	.000
Financial Information	.103	.017	.443	5.946	.000
Forward-Looking Information	.107	.012	.599	8.789	.000

Source: Researcher (2016)

The regression analysis was developed to establish the effect that voluntary disclosures have on the level of investor confidence. $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \Omega$

The regression model developed was

$Y = -1.462 + 0.047X_1 + 0.113X_2 + 0.101X_3 + 0.103X_4 + 0.107X_5 + \Omega$

Where Y = Level of Investor confidence, a = constant (The part of investor confidence that is influenced by other factors other than voluntary disclosures), X_1 = Corporate and Strategic Information disclosure X_2 = Financial and Capital Market disclosure, X_3 = Social and Board Disclosures, X_4 = Forward-looking information disclosures and X_5 = Corporate Social Responsibility disclosure

The independent factor has a negative point of 1.462 indicating that when the level of voluntary disclosure decreases when the level of investor confidence will consequently decrease. An increase however in the level of disclosure of strategic corporate information will lead to an increase in the level of investor confidence by 0.047. All the independent variables are seen to positively influence the level of investor confidence by companies listed on the Nairobi Securities Exchange. There is, therefore, a positive relationship between the level of voluntary disclosures and the level of investor confidence.

4.5 Correlation Coefficients

Table 10: Correlation Coefficients

Coefficient Correlations

Model			To what extent do the following Forward-Looking Information impact your confidence as an Investor	To what extent do the following corporate, business and marketing strategies impact your confidence as an Investor	To what extent do the following Board disclosures impact your confidence as an Investor	To what extent do the following Socio-Environmental disclosures impact your confidence as an Investor	To what extent do the following Financial Information impact your confidence as an Investor
1	Correlations	Forward-Looking Information	1.000				
		corporate, business and marketing strategies	-.111	1.000			
		Board disclosures	.022	.022	1.000		
		Socio-Environmental	-.200	.045	-.015	1.000	
		Financial Information	.355	-.234	.169	-.358	1.000

Source: Researcher (2016)

The Pearson's correlation coefficient established the relationship between the variables. The variables in the study are seen to vary differently as some are positive and others are positive.

It is an indicator that investors have different things that raise their confidence with regards to the voluntary disclosures that are made.

4.6 Interpretation of findings

The data collected shows that organizations are increasingly providing information voluntarily beyond what is required by law. The highest level of disclosure was seen at 98% of analysis of the financial information followed by information on board disclosures at the rate of 96%. It is an indication that no organization wants to be left behind in a bid to attract potential investors.

There is a high connection between the level of company disclosure and investor confidence with the level of investor confidence decreasing when the level of disclosure is low. Investors were seen to highly gain confidence in organizations that provide information without the need to be followed by law. The perception of the investors is that the more information they receive from a given organization, the more they are likely to confidently put in their money.

Investors are seen to have confidence based on different factors in the market and not necessary in the same direction. It is an indication to the need for organizations to disclose all levels of information that will ensure that they meet the dynamic needs of the investors. The impact that voluntary disclosures have boils down to the investors trading more in a given share of an organization as they trust that their money is safe. It leads to the organization having a low cost of capital and having the ability to raise more money in the market.

The study by Wambugu and Essajee (2016) indicated that voluntary disclosures have an impact on the returns on the stock market as they are seen to indicate that the management of the firm are working towards ensuring that investors are confident, and thereby the market gets busy. Investors will more voluntarily channel their savings into the stock market when they have as much information as possible. The sentiments are echoed by Cheynel, (n.d.) who did a study that showed that companies are in constant need for capital and to get the capital; they are willing to go an extra mile to provide the information to ensure they keep the investors that they have and in addition attract other potential investors.

Investor confidence is a key determinant to the operations of the securities market. When investors are confident, they will channel their savings to the securities market which is a benefit to the investor and the listed organizations. The investors will invest with the assurance that their savings are safe and they can liquidate when they need to get their funds back. Raising funds is critical for entities that are listed on the securities exchange. Investors will readily be willing to provide funds for an organization that has been giving information voluntarily on a constant basis as opposed to one that gives information in the event when they need to raise money to be directed towards a particular project.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The research paper fundamental issue lay in to determining the effect that exists level of voluntary disclosures have investor confidence in the Nairobi Securities Exchange. The final chapter of the study will give a summary of the study which will be followed by a synthesis of whether the objectives of the study were met and finally give recommendations to the readers.

5.2 Summary of the findings

The descriptive analysis of the study indicated that voluntary disclosures do have an impact on the level investor confidence. The analysis also indicated that organizations are putting more effort in ensuring that they disclose information at a high level. However, the rate of disclosure of strategic information has been very limited over the five years of study. With the regression analysis at 85%, it is an indication that investors highly depend on the level of disclosures to improve the level of confidence.

The investigation also indicated that there is an increase in the level of disclosures and it is predicted that this will keep increasing over the years. The test of significance was an indicator that that the level of voluntary disclosures is a major influencer on the level of disclosure.

The review of data is an indicator that organizations can gain by capitalizing on disclosing additional information to the investors. It is based on the fact that investors are able to make informed decisions when they are deciding to invest in one organization and not the other.

It is evident from the findings of the research that organizations are realizing the impact

5.3 Conclusions

The research was done to establish the relationship that exists between the level of voluntary disclosures and investor confidence. A study was done on the 65 firms listed on the securities exchange, and an additional 30 investors were interviewed to determine how they perceive the voluntary disclosures that organizations make. The study contributes to the market in the knowledge that companies need to realize the role that voluntary disclosures have on the market. It is known that when the investor is confident, the level of trading in the securities exchange will improve. With the level of trading higher, firms will be able to raise funds that will be directed towards growing the organizations.

Although there are factors to the level of 15% that have an impression on the level of investor confidence, disclosing information voluntarily is seen to play a fundamental role in the market. The respondents in the research have shown an indication that when organizations disclose information voluntarily, they reduce the information asymmetry that may exist with the investors.

5.4 Recommendations

Investors are increasingly becoming more conscious and aware of the areas in which they are placing their money. The number of companies is also increasing as well as the number of investments including real estate, farming and other viable options. It means that the level of competition for the listed organizations is also high. It is recommended by this study that organizations

The study would recommend an in-depth analysis of what investors need to know without having to be pushed by the legal requirements. The firms should also aim at establishing the level of disclosure that will ensure that investors are conscious of the operations and the management decisions that an organization is taking to reduce the likelihood that investors with evaluating the organizations in a wrong manner.

Voluntary disclosures are also key in reducing the chances of litigations as no organization would want to be in the limelight on a wrong note. It means that through disclosures organizations will be able to seize opportunities that arise in the market.

5.5 Limitations of the study

The use of secondary information is limiting as it may not always be a good representation as to what may materialize in the future. It makes an assumption that what is happening today can be used to reflect the future but there are factors beyond voluntary disclosures that could affect the levels of investor confidence in the future as well as the level of voluntary disclosures.

The sample of the research of the investors was small even though it was considered a good representation of all the investors in the market. However, the organizations under the study were a good representation of the level of disclosures that organizations are making voluntarily in the market.

There are other factors that impact the level of investor confidence that were not looked into in this study and this would form a platform to perform further studies.

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APPENDIX

A. Data collection form on voluntary disclosures

Is the following corporate, business and marketing strategies disclosed by companies		
	YES	NO
1 Historical background of the company		
2 Mission and vision statements		
3 Description of major goods and services		
4 Market analysis i.e. market share, market growth		
5 Corporate goals and objectives		
7 Corporate governance		
8 Organization structure		
9 Identification of major competitors		
10 Regional economic and political stability		
11 Effect of business strategies on current performance		
12 Industry competitive analysis		
Is the following Socio-Environmental disclosed by firms		
13 Corporate social responsibility statement		
14 Environmental policy		
15 Environmental activities undertaken		
16 Involvement in community projects		
17 Categories of employees by age, gender and qualifications		
18 Reasons for changes in employee numbers		
19 Disclosure of welfare policy of workers		
20 Work place safety policies		
21 Redundancy policies		
22 Information about employee turnover, absenteeism and strikes		
Is the following Board disclosures disclosed by firm		
23 Names of directors		
24 Ages of directors		
25 Professional qualifications of directors		

26 Directors shareholding		
27 Board of Directors meetings held and their attendance		
28 Senior management responsibilities		
Is the following Financial Information disclosed by firms		
29 Summary of financial statements for the last three years or over		
30 Brief description and analysis of financial position		
31 Share price information i.e. market price, par value		
32 Earnings per share		
33 Return on equity		
34 Debt to equity ratio		
35 Value added statements		
36 Supplementary inflation adjusted financial statements		
37 Liquidity ratios		
38 Return on assets		
Is the following Forward-Looking Information disclosed by firms		
39 Investments forecasts		
40 Effect of business strategies on future performance of the co.		
41 Information about new product and service development		
42 Research and development expenditure		
43 Advertising and publicity expenditures		
44 Planning and capital expenditures		
45 Sales forecasts		
46 Cash flow forecast		
47 Profit forecast		
48 Information on dividend policy		
49 Risk management policy for future investments		
TOTAL		

B. Questionnaire on impact of voluntary disclosure on investor confidence

VOLUNTARY DISCLOSURES					
On a scale of 1-5 with 5 being the highest and 1 being the lowest: To what extent do the following corporate, business and marketing strategies impact your confidence as an Investor					
	1	**2**	**3**	**4**	**5**
1 Historical background of the company					
2 Mission and vision statements					
3 Description of major goods and services					
4 Market analysis i.e. market share, market growth					
5 Corporate goals and objectives					
7 Corporate governance					
8 Organization structure					
9 Identification of major competitors					
10 Regional economic and political stability					
11 Effect of business strategies on current performance					
12 Industry competitive analysis					
On a scale of 1-5 with 5 being the highest and 1 being the lowest :To what extent do the following Socio-Environmental impact your confidence as an Investor					
	1	**2**	**3**	**4**	**5**
13 Corporate social responsibility statement					
14 Environmental policy					
15 Environmental activities undertaken					
16 Involvement in community projects					
17 Categories of employees by age, gender and qualifications					
18 Reasons for changes in employee numbers					
19 Disclosure of welfare policy of workers					
20 Work place safety policies					
21 Redundancy policies					

22 Information about employee turnover, absenteeism and strikes					
On a scale of 1-5 with 5 being the highest and 1 being the lowest :To what extent do the following Board disclosures impact your confidence as an Investor					
23 Names of directors					
24 Ages of directors					
25 Professional qualifications of directors					
26 Directors shareholding					
27 Board of Directors meetings held and their attendance					
28 Senior management responsibilities					
On a scale of 1-5 with 5 being the highest and 1 being the lowest :To what extent do the following Financial Information impact your confidence as an Investor					
	1	**2**	**3**	**4**	**5**
29 Summary of financial statements for the last three years or over					
30 Brief description and analysis of financial position					
31 Share price information i.e. market price, par value					
32 Earnings per share					
33 Return on equity					
34 Debt to equity ratio					
35 Value added statements					
36 Supplementary inflation adjusted financial statements					
37 Liquidity ratios					
38 Return on assets					
On a scale of 1-5 with 5 being the highest and 1 being the lowest : To what extent do the following Forward-Looking Information impact your confidence as an Investor					
	1	**2**	**3**	**4**	**5**
39 Investments forecasts					
40 Effect of business strategies on future performance of the co.					

41 Information about new product and service development					
42 Research and development expenditure					
43 Advertising and publicity expenditures					
44 Planning and capital expenditures					
45 Sales forecasts					
46 Cash flow forecast					
47 Profit forecast					
48 Information on dividend policy					
49 Risk management policy for future investments					

C. Companies listed on the securities exchange

AGRICULTURAL

1 Eaagads Ltd

2 Kakuzi Ltd

3 Kapchorua Tea Co. Ltd

4 The Limuru Tea Co. Ltd

5 Sasini Ltd

6 Williamson Tea Kenya Ltd

AUTOMOBILES & ACCESSORIES

7 Car & General (K) Ltd

8 Marshalls (E.A.) Ltd

9 Sameer Africa Ltd

BANKING

10 Barclays Bank of Kenya Ltd

11 CFC Stanbic of Kenya Holdings Ltd

12 Diamond Trust Bank Kenya Ltd

13 Equity Group Holdings Ltd

14 Housing Finance Group Ltd

15 I&M Holdings Ltd

16 KCB Group Ltd Ord

17 National Bank of Kenya Ltd

18 NIC Bank Ltd

19 Standard Chartered Bank Kenya Ltd

20 The Co-operative Bank of Kenya Ltd

COMMERCIAL AND SERVICES

21 Atlas African Industries Ltd

22 Express Kenya Ltd

23 Hutchings Biemer Ltd

24 Kenya Airways Ltd

25 Longhorn Publishers Ltd

26 Nairobi Business Ventures Ltd

27 Nation Media Group Ltd

28 Standard Group Ltd

29 TPS Eastern Africa Ltd

30 Uchumi Supermarket Ltd

31 WPP Scangroup Ltd

CONSTRUCTION & ALLIED

32 ARM Cement Ltd

33 Bamburi Cement Ltd

34 Crown Paints Kenya Ltd

35 E.A.Cables Ltd

36 E.A.Portland Cement Co. Ltd

ENERGY & PETROLEUM

37 KenGen Co. Ltd

38 KenolKobil Ltd

39 Kenya Power & Lighting Co Ltd

40 Total Kenya Ltd

41 Umeme Ltd

INSURANCE

42 Britam Holdings Ltd

43 CIC Insurance Group Ltd

44 Jubilee Holdings Ltd

45 Kenya Re Insurance Corporation Ltd

46 Liberty Kenya Holdings Ltd

47 Pan Africa Insurance Holdings Ltd

INVESTMENT

48 Centum Investment Co Ltd

49 Home Afrika Ltd

50 Kurwitu Ventures Ltd

51 Olympia Capital Holdings Ltd

52 Trans-Century Ltd

INVESTMENT SERVICES

53 Nairobi Securities Exchange Ltd Ord 4.00

MANUFACTURING & ALLIED

54 A.Baumann & Co Ltd

55 B.O.C Kenya Ltd

56 British American Tobacco Kenya Ltd

57 Carbacid Investments Ltd

58 East African Breweries Ltd

59 Eveready East Africa Ltd

60 Flame Tree Group Holdings Ltd

61 Kenya Orchards Ltd

62 Mumias Sugar Co. Ltd

63 Unga Group Ltd

TELECOMMUNICATION & TECHNOLOGY

64 Safaricom Ltd

REAL ESTATE INVESTMENT TRUST

65 STANLIB FAHARI I-REIT. Ord.20.00