VOLUNTARY ACCOUNTING DISCLOSURES AND MARKET PERFORMANCE OF NON-FINANCIAL FIRMS LISTED IN NAIROBI SECURITIES EXCHANGE, KENYA

FREDRICK WARUI WAWERU

DOCTOR OF PHILOSOPHY

(Accounting)

JOMO KENYATTA UNIVERSITY OF

AGRICULTURE AND TECHNOLOGY

2018

Voluntary Accounting Disclosures and Market Performance of Non-Financial Firms Listed in Nairobi Securities Exchange, Kenya

Fredrick Warui Waweru

A Thesis Submitted in Fulfillment for the Degree of Doctor of Philosophy in Accounting in the Jomo Kenyatta University of Agriculture and Technology

2018

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

Signature……..…… Date ……

Fredrick Warui Waweru

This thesis has been submitted for examination with our approval as University Supervisors.

Signature……..…… Date ……

Dr. Florence Sigara Memba, PhD

JKUAT, Kenya

Signature……..…… Date ……

Dr. Agnes Njeru, PhD

JKUAT, Kenya

DEDICATION

This thesis is dedicated to my late parents who taught me to follow my dreams and actualize them. To my wife Elizabeth for her unwavering support and to my sons Zephany and Richard for encouraging me to complete this thesis.

ACKNOWLEDGEMENTS

I thank the Almighty God for the gift of life and seeing me through this scholarly journey. Am very thankful to my supervisors, Dr. Florence Memba and Dr. Agnes Njeru for their invariable guidance in the development and completion of this thesis. I appreciate the Lecturers who put me through course work namely; Prof. Lucas Oyugi, Prof. Amadi, Dr.Stella Muhanji and Dr. Kamau Riro. I recognize the positive criticisms to better my thesis by panelists during my PhD Seminar defense namely; Prof. Margaret Oloko, Prof. Willy Muturi, Dr. Oluoch Oluoch, Dr. Olweny and Dr. Tabitha Nasieku. I wish to thank my PhD in accounting classmates; Ezekiel Oyerogba, Solomon Adeoluwa, Jesse Gitahi and Michael Gacheru for adding value to this thesis. Am grateful to my research assistant Michael Alumasi for assisting me in data collection. Am glad to all respondents of the questionnaire, without which this research would not have been accomplished. I thank Dr.Paul Munene for proofreading and editing this work.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

ACRONYMS

ACCA	Association of Chartered Certified Accountants
AFL	Australian Football league
ANOVA	Analysis of Variance
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CGA	Corporate Governance Attributes
CIMA	Chartered Institute of Management Accountants
CLRM	Classical Linear Regression Model
CMA	Capital Market Authority
CPA (K)	Certified Public Accountant of Kenya
CPS (K)	Certified Public Secretaries of Kenya
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Tax
FA	Financial Analysis
FAF	Financial Analyst and Federation
FASB	Financial Accounting Standard Board
FGRS	Feasible Generalized Least Square

FLD	Forward-Looking Information
GAAP	Generally Accepted Accounting Practices
HR	Human Resources
HRA	Human Resource Accounting
IASB	International Accounting Standard Board
IFRS	International Financial Reporting Standards
ISE	Instabul Stock Exchange
IT	Information technology
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KPMG	Klynveld Peat Marwick Goerdeler (accounting firm)
LR	Likelihood Ratio
MBA	Masters in Business Administration
MD&A	Management Discussions & Analysis
NSE	Nairobi Securities Exchange.
OLS	Ordinary Least Square
PhD	Doctor of Philosophy
ROA	Return on Assets
ROE	Return on Equity

SA	South Africa
SCGI	Saudi corporate governance index
SEC	Stock Exchange Commission
SPSS	Statistical Package of Social Sciences
T&D	Transparency and Disclosure
UAE	United Arabs Emirates
UK	United Kingdom
UNEP	United Nations Environment Programme
US	United States
USA	United States of America
VAS	Value Added Statement
VDT	Value driving Talks

DEFINITION OF TERMS

Corporate Governance: Corporate governance is the system of rules, practices and processes by which a company is directed and controlled (Denis, 2001).

Corporate Governance Attributes: These are characteristics of corporate governance that include; board composition, audit committee, ownership concentration among others (Barako, 2007)

Forward –Looking Information: Refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance (Hussainey, 2004).

Human Resource Accounting Information: Accounting that regards the efforts of human resources towards the contribution of business performance (Kashive, 2013).

Management Discussions and Analysis (MD&A): Is section of a company's annual report in which management discusses numerous aspects of the company both past and present. Among other things, the MD&A provides an overview of the previous year operations and how the company fared in that time period (Epstein, 2013).

Non-Financial Firms Listed: These are firms whose principal activity is the production of market goods or non-financial services (Binh, 2012).

Performance: Performance is ability of an object to produce certain predetermined results in relation to a specified target (Laitinen, 2002).

Social Accounting: Is the process of communicating the social and environmental effects of firms' economic actions to particular interest groups in the context of business, corporate social responsibility (CSR) within society and to society at large (Iyoha, 2010).

Value Added Statement: is a financial statement which shows how much value (wealth) has been created by an enterprise through utilization of its capacity, capital, manpower, and other resources and how it is allocated among different stakeholders (employees, lenders, shareholders and government) in an accounting period (Van staden, 2000).

Voluntary Accounting Disclosures is the reporting of information by firm's management beyond generally accepted accounting principles and Securities and Exchange Commission rules, where the information is believed to be relevant to the decision-making of users of the company's annual reports (Albassam, 2014).

Voluntary Financial Information: Is the reporting of additional financial information disclosed beyond the mandatory information by firm's management (Wangari, 2014).

ABSTRACT

This study envisaged to determine the effect of voluntary accounting disclosures on market performance of non-financial firms listed in the Nairobi Securities Exchange (NSE). The study was guided by five research objectives namely: to determine the effect of value-added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussion and analysis disclosure on market performance of non-financial firms listed in NSE, Kenya. Moderating variable corporate governance attributes was used to assess the effect of voluntary disclosures in the annual reports on market performance of non-financial firms listed in NSE. Performance indicator was market based measurement (Tobin's Q ratio). The study employed descriptive cross-sectional research design. A census of 45 non- financial firms listed in NSE, was taken. The study used secondary panel data contained in the annual reports of non-financial firms listed in NSE, Kenya. The data was extracted from the NSE hand book for the period 2011-2015 and from companies' websites. This was complemented by semi-structured questionnaires which were given to 45 Chief Executive Officers. Data analysis was done by both descriptive (measures of central tendency and dispersion) and inferential statistic (multiple regression analysis and correlation analysis) with help of Statistical Packages of Social Sciences (SPSS version 22). The results revealed that there was a significant positive effect of value-added statement disclosure, forward-looking information disclosure, human resource accounting disclosure, social accounting information disclosure and management discussions and analysis disclosure and firm market performance measured by Tobin's Q of listed non-financial firms in Kenya. Based on these findings the study concluded that value added statement disclosure, forward looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure were key to market performance of non-financial firms listed in NSE. Based on the findings of this research, non- financial firms should increase the level of voluntary accounting disclosures to their stakeholders.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The most important role of annual reports is to provide relevant, useful and reliable accounting information to the various users namely; shareholders, management, government, employees, lenders, competitors, trade unions, creditors, financial analysts and potential investors (Carmona & Trombetta, 2010). Binh (2012) cited Flack and Douglas (2007) who reported that annual reports are known as the annual reporting behaviors of a company and it has ability to improve the perceptions of accountability among stakeholders and the wider community. In addition, information disclosure in annual reports is a strategic tool, which can enhance the company's ability in raising capital at the lowest possible cost (Healy & Palepu, 2001). Annual reports are used as a medium for communicating both quantitative and qualitative corporate information to shareholders, investors and other users. The information that has been supplied by annual reports towards their stakeholders includes two types: mandatory and voluntary information (Al-Shammari, 2008).

Mandatory disclosure is a basic market demand for information that is required by various statutory laws and regulatory bodies and has been ruled at global, regional or national level through professional organizations or government authorities. Corporate voluntary disclosures, being in excess of requirements, represents free choices on the part of management to provide information to users of the annual reports. This voluntary information is disclosed to satisfy the users' needs, seem to be insufficiently supplied by the mandatory disclosure. Mandatory financial disclosures consider; Statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity. These are traditional financial statements which are obligatory and readily available in companies' annual reports and websites (Yuen, Liu, Zhang & Lu, 2009).

1.1.1 Voluntary Disclosures

Eisenhardt (1989), Fox (1984), Jensen and Meckling (1976), Ross (1973) cited by Barako, Hancock and Izan (2006) stated that demand for voluntary disclosure arises from information asymmetry and agency conflicts between management and outside investors. The authority of management disclosures is enhanced by regulators, standard setters, auditors and other capital market intermediaries. Agency relationship exists between shareholders (principal) and management (agent). The main issue is the information asymmetry between management and other stakeholders. In this agency relationship, management has information advantage. The agent may take actions that are at variance with other stakeholders interests. Voluntary disclosure presents a better opportunity to apply agency theory, in the sense that management who have better access to a firm's private information than external owners and investors can make plausible and reliable communication to the market to enhance the value of the firm by reducing the costs of the agency relationship.

Researches on voluntary disclosures in annual reports have been done in both developing and developed countries. None of the studies dwelt on specific voluntary disclosures and performance of the firm. Among related research studies are; Yu (2011) who studied the interaction of voluntary and mandatory disclosures and found out that firms use voluntary disclosure to optimize total corporate disclosure levels in response to a mandatory disclosure change. Dourlein (2009) whose research was on Voluntary disclosures and the cost of equity noted that there was positively insignificant relationship between the level of voluntary disclosure provided in the annual report as well as a negative insignificant relationship between the level of voluntary disclosures provided on the company website and the cost of capital. Adams (1996) studied the determinants of voluntary disclosure by New Zealand life insurance companies and the empirical results indicated that the level of information voluntarily disclosed by life insurance companies in their annual reports is positively associated with: firm size, product diversity and reliance on independent sales agents.

Qu (2011) research on Voluntary disclosure by listed firms in China observed that voluntary disclosure made by listed firms in the Chinese stock market increased. The author further argued that firms have positively reacted to changed corporate disclosure environment in China.

Empirical review on this study found that few voluntary disclosure researches have been done in Kenya. Notably among them are: Determinants of voluntary disclosures in Kenyan companies annual reports by Barako (2007). This study found out that disclosures of all type of information are influenced by corporate governance attributes, ownership structure and corporate characteristics. Mathuva (2012) studied the determinants of forward-looking disclosures in interim reports for non-financial firms. Mathuva observed that forward looking disclosures mitigate information asymmetry between management and shareholders. This research study sought to establish the relationship between voluntary disclosures in annual reports on firm performance. The study focused on effect of five specific voluntary disclosures on firm performance namely; Value added statement, forward-looking information, human resource accounting information, social accounting information and management discussions and analysis.

1.1.2 Firm Performance

Laitinen (2002) cited by Ghobadian and O'Regan (2006) defined performance as ability of an object to produce certain predetermined results in relation to a specified target. There are various measures of firm performance; for instance return on sales reveals how much a company earns in relation to its sales, return on assets elucidate a firm's ability to make use of its assets and return on equity reveals what return investors take for their investments(Almajali, Alamro & Al-Soub, 2012). Company's performance can be evaluated in three dimensions. Firstly is company's productivity, or processing inputs into outputs efficiently. Secondly is profitability dimension, or the level of which company's earnings are bigger than its costs. Thirdly is market premium or the level at which company's market value exceeds its book value (Walker, 2001). Firm's performance can be measured in a number of different

accounting and market based measurements from financial statements such as ROA, ROE, market capitalization and Tobin Q Aras, Aybars, and Kutlu, (2010); Abor (2005); Saedi and Mahmoodi (2011); Ebaid (2009). The most used accounting measures of firm's performance are Return on Assets (Stanwick & Stanwick, 2005; Clarkson *et al*., 2008; Muiruri, 2015), Return on Equity (Mwangi, 2014), Tobin Q (Dushnitsky & Lenox, 2006).

Tobin Q is calculated as book value of total debts and market value of equity (market capitalization) divided by book value of total assets. Market Capitalization is calculated as stock price multiplied by number of shares outstanding. Value of the firm is a long-term measure of performance (Samiloglou & Demirgunes, 2008).

Value of the firm is measured as the total market value of the firm. It is calculated as the value of a firm's common stock price times shares outstanding at the end of the fiscal year (or its market capitalization) plus preferred stock (taken to be, in order and as available, redemption value, liquidating value, or par value) plus total book liabilities minus balance sheet deferred taxes and investment tax credit, if available (Fama & French, 1998).

Firm performance indicator (firm value) is best measured by use of Tobin's Q ratio. Tobin's Q is used for measuring firm value (Laporta *et al*., 2002; Hoyt & Liemberg, 2011). Using Tobin's Q, the value of the firm will be calculated as the ratio of market value to the book value of equity (Dushnitsky & Lenox, 2006). This study used a market based performance measure (firm value measured by Tobin's Q ratio).

1.1.3 Voluntary Disclosure and Performance

A number of studies have been done on firm's performance among them; Corporate governance and firm performance, empirical evidence in Europe: (Bauer, Guenster, & Otten, 2004), Strategic human resource management and firm performance (Allen, 2006); Impact of capital structure on firm performance, evidence from Pakistani Firms.(Javed, Younas, & Imran, 2014) ; Effect of talent management and firm performance in companies listed in NSE, Kenya (Kagwiria,2014); Ownership

structure and firm performance of listed companies in NSE, Kenya; (Chege, 2013); Factors affecting financial performance of listed companies at the NSE, Kenya (Omondi & Muturi, 2013).

To the best of my knowledge and through thorough research, very few research studies on voluntary disclosures and firm performance have been carried out more so in the Kenyan context, among them are; corporate governance, voluntary disclosure and financial Performance: An empirical Analysis of Saudi listed firms; (Albassam 2014), the findings obtained from the compliance-index model suggest that good corporate governance practices, proxied by the SCGI, are positively related to return on assets (ROA), but have no significant relationship with firm value, as measured by Tobin's Q (Q-ratio) ; Hamrouni *et al.* (2015) studied the Signaling firm performance through corporate voluntary disclosure and the empirical findings showed a positive relationship between disclosure indexes and performance measures. Impink (2011) carried a study on voluntary disclosure of corporate performance targets and found that the stock market reacts favorably to target disclosure.

Wangari (2014) conducted a research on effect of voluntary disclosure on the financial performance of commercial banks in Kenya. Wangari's study examined general and strategic disclosure, financial disclosure, forward looking disclosure and social and board disclosure as proxies for measuring voluntary disclosure and how they affect the financial performance of commercial banks in Kenya. Secondary data was collected from annual reports of the forty two commercial banks for a period of six years from 2008 to 2013. The study found a positive relationship between financial, forward looking and board and social disclosure and return on equity. These are among the few studies reviewed, especially in the Kenyan context, to consider the multi-dimensionality of firm performance when investigating effect of voluntary disclosures on firm performance.

1.1.4 Nairobi Securities Exchange (NSE)

The formation of Nairobi Securities exchange which was formally known as Nairobi stock exchange was as a result of consultations with the London Stock Exchange, leading to the authorization of an overseas stock exchange to serve the East Africa region in 1953. In 1954 the Nairobi Stock Exchange was then constituted as a voluntary association of stockbrokers registered under the Societies Act. The companies listed in the Nairobi securities exchange are categorized as follows; Agricultural, automobile and accessories, banking, commercial and services, construction and allied, energy and petroleum, insurance ,investment, manufacturing and allied, and Telecommunication and Technology.

There are 63 companies listed in the Nairobi securities exchange as of December 2015 (CMA, 2015). This research study excluded banking and insurance companies as these are specially regulated by prudential guidelines by CBK and Insurance Regulatory Authority respectively. In addition, whether quoted or unquoted, these companies publish their annual reports unlike the non-financial firms. Therefore this study concentrated on 45 non- financial institutions listed in NSE, Kenya. All the 45 non-financial firms had a form of voluntary disclosure information provided in their annual reports (NSE hand book, 2015).

1.2 Statement of the Problem

Demand for voluntary disclosure arises from information asymmetry and agency conflicts between management and outside investors. The authority of management disclosures is enhanced by regulators, standard setters, auditors and other Capital market intermediaries (Barako, 2007). Agency relationship exists between shareholders and management; (Barako *et al*., 2006). Lau and Tong (2008) in a study carried out in Malaysia found that higher profit firms have higher occurrences of disclosure in their annual report as compared to lower profit firms. Good corporate governance depends on the quality of accounting and corporate financial reporting which has now become a global issue. World capital markets are being shaken by a

perception that financial information is either wrong or is very hard to understand and absorb. Global financial markets depend on quality information coming from public reporting of firm's financial performance. Non-disclosure of vital reports has made stakeholders to lack confidence in trading with such companies leading to a decline in performance (Coffee, 2005).

There have been accounting blunders and scandals that seem endless. These includes :Enron, Xerox, Reliant Resources, Global Crossings, CUC International, Adelphia Communications, Waste Management, Rite Aid and now the largest of them all, World Com (Neal, 2002; Healy & Palepu, 2003; Coffee, 2005). There is continued news in local dailies for problems of financial reporting in the World while Kenya is not exception to these with its fair share of accounting scandals. These scandals include: Kenya National insurance company, Nyaga stock broker, Discount Securities Company, Uchumi supermarket, Kenya Airways among others. Recent revelations from Uchumi Supermarket (a listed company in NSE) Management Discussions and Analysis report on manipulation of accounting books resulted in decline of its market capitalization (CMA, 2016).

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

make plausible and reliable communication to the market. This enhances value of the firm by reducing the costs of the agency relationship (Schuster & O'Connell, 2006).

The management ought to disclose more information to the stakeholders to avert this cosmetic annual reporting which is insufficient. It is against this background that the study envisaged to research on voluntary accounting disclosures and market performance of non- financial firms listed in NSE.

1.3 Objectives of the Study

1.3.1 General Objectives

To establish the effect of voluntary accounting disclosures on market performance of non-financial firms listed in NSE.

1.3.2 Specific Objectives

The specific objectives of the research study were:

1. To establish the effect of value added statement disclosure on market performance of non-financial firms listed in NSE.
2. To determine the effect of forward-looking information disclosure on market performance of non-financial firms listed in NSE.
3. To establish the effect of human resource accounting information disclosure on market performance of non-financial firms listed in NSE.
4. To assess the effect of social accounting information disclosure on market performance of non-financial firms listed in NSE.
5. To determine the effect of management discussions & analysis disclosure on market performance of non-financial firms listed in NSE.
6. To assess the moderating effect of corporate governance attributes on voluntary accounting disclosures and market performance of non- financial firms listed in NSE.

1.4 Research Hypotheses

This study sought to collect data on the following testable hypotheses. These hypotheses were stated in null context as follows:

$H0_1$: There is no significant effect of value added statement disclosures on market performance of non- financial firms listed in NSE.

$H0_2$: There is no significant effect of forward-looking information disclosures on market performance of non- financial firms listed in NSE.

$H0_3$: There is no significant effect of human resources accounting information disclosures on market performance of non- financial firms listed in NSE.

$H0_4$: There is no significant effect of social accounting information disclosures on market performance of non -financial firms listed in NSE.

$H0_5$: There is no significant effect of management discussions and analysis disclosure on market performance of non- financial firms listed in NSE.

$H0_6$: There is no moderating effect of corporate governance attributes on voluntary accounting disclosures and market performance of non -financial firms listed in NSE.

1.5 Justification of the Study

The study may greatly contribute to the existing knowledge in the area on voluntary disclosures in annual reports and financial performance of listed firms in Kenya, by broadening the available knowledge. The study may benefit various stakeholders such as academicians, regulators, shareholders, lenders and other users of accounting information. To the scholars, the study may add value to the existing body of knowledge on voluntary disclosures in the annual reports of firms and performance therein. The investment regulators in Kenya such as the Capital Market Authority (CMA) may benefit from the study as it may provide the impetus for policy

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

1.6 Scope of the Study

The study covered the firms listed in the Nairobi Securities Exchange, Kenya. The firms in the banking and insurance sectors were excluded from the study due to their unique characteristics, such as compulsory disclosure regulations by the central bank Prudential and the banking act requirements, that do not apply to non-financial companies. Research on correlation between voluntary disclosures and performance should be based on firms that are subject to common tax system, same bankruptcy policies, comparable market rules and similar financial customs (Pratheepkanth, 2011).

The study, therefore, was restricted to 45 non-financial companies listed in the NSE. The study examined panel data of 44 firms listed in NSE, Kenya from 2011-2015. One firm Rea Vipingo was delisted from NSE in 2015 thus expunged from the study. The study focused on this period 2011 to 2015, because majority of non-financial firms performed so dismally causing public outcry for instance the Kenya Airways, Mumias Sugar, Uchumi Supermarket, Rea Vipingo and Trancentury among others. In addition five years period was adequate to measure any significant change. This generated a total of 220 firm-year observations that were collected manually from the firms' annual reports. The study covered the effect of voluntary accounting disclosure information on market performance of non-financial companies listed in the NSE. Voluntary disclosures were restricted to value added statement disclosure, forward–looking information disclosure (forecasts and targets), human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure.

1.7 Limitations of the Study

The only constraint encountered during the study was obtaining data from NSE Handbook (2015).The handbook contained information up to 2014 financial year. Information for 2015 financial year was obtained from firm's websites and annual reports. Primary data was collected through questionnaires submitted through drop and pick to the Chief Executive Officers. It took a lot of persistence for the questionnaires to be filled. So many appointments with the CEOs would fail due to their busy schedules.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of theoretical underpinning of the research study. The chapter also presented a critical review of empirical research relating to voluntary disclosure and performance. The relationship between voluntary disclosure and performance was then presented in a conceptual framework to demonstrate the researcher's conceptualization of the variables that were investigated in the research. Based on the review, the research gaps were identified for the purpose of contextualizing the study.

2.2 Theoretical Literature

This study was reinforced by agency theory, stakeholder theory, human capital theory, decision usefulness theory, legitimacy theory and information signaling theory,

2.2.1 Agency Theory

Jensen and Meckling (1976) defined the agency relationship as "a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent." Agents correspond to management, whereas principals correspond to owners from a companies' perspective. Agency costs stem from the assumption that the two parties, agents and principals, have different interests. Monitoring costs are paid by the principals, to limit the agents' unusual activities. Bonding costs are paid by the agents, to guarantee that no harm of the principal's interests will result from their decisions and residual loss (Jensen & Meckling, 1976).

The agency relationship leads to the information asymmetry problem due to the fact that management can access information more than shareholders (Jensen & Meckling, 1976). Optimal contracts is one of the means of mitigating the agency problem as it helps in bringing shareholders' interests in line with management interests (Healy & Palepu, 2001). In addition, voluntary disclosure is another means of mitigating the agency problem, where management discloses more voluntary information reducing the agency costs (Barako *et al*., 2006).

Regulations are another means of mitigating the agency problem as they require management to fully disclose private information (Healy & Palepu, 2002). However, full disclosure is never guaranteed even in the presence of regulations. The absence of full disclosure is explained by the conflict that exists between the interests of management and shareholders. Corporate reporting regulations are intended to provide investors with the minimum quantity of information that helps in the decision-making process (Al-Razeen & Karbhari, 2004).

Elliott and Elliott (2006) posits that the directors of a company being agents, have a duty to run the company in such a way as to maximise returns to the shareholders and the company's profit and cash flow. Jensen and Meckling (1976), in their agency theory, however observe that directors do not always run the firm they work for to maximise shareholders' wealth but may instead pursue their own self-interest. According to the agency theory, an agent has the obligation to full disclosure of information for the benefit of the principal. Voluntary disclosure acts as a controlling tool to restrict the tendency towards opportunistic behavior for personal gain by managers.

2.2.2 Stakeholders Theory

Oliveira *et al.* (2013) used stakeholder theory to explore the voluntary disclosure of information regarding intellectual capital in the annual reports of listed companies. The observed level and pattern of voluntary disclosure is found to be consistent with the managerial branch of stakeholder theory and to be influenced strongly by the

power of minority shareholders, creditors, consumer proximity, employees, the intensity of the holding of intangibles in the industry in which a company is located, and managerial board ownership. The understandings that emerge should inform regulatory efforts aimed at improving the level, quantity and scope of disclosures of intellectual capital items in financial reports.

Oliveira et al further noted that by disclosing intellectual capital items voluntarily, a firm is likely to meet stakeholders' needs and be more likely to improve its image for transparency, credibility and good stakeholder relations. Reputation is an intangible, firm-specific, non-tradable resource that is difficult for competitors to replicate. So, voluntary disclosure of intellectual capital items in annual reports is conceived as a strategic initiative to cultivate good communications with stakeholders, and to help foster the success of a company. Indeed, Freeman (1999) has argued that it is impossible for an organization to maximize long- term value if it does not maintain good relations with stakeholders by ignoring their information needs.

2.2.3 Human Capital Theory

This theory underlines the value added that people contribute to an organization. It regards people as assets and emphasizes that investments by organizations in people will generate worthwhile returns. Schatzel, Strandholm and Callahan (2012) cited (Sweetland, 1996) who advocates that investment in people results in economic benefits for individuals and society as a whole. Sweetland, added that it is significant to clarify that the investor in this particular case is the individual who decides whether to invest his or her time, money and other resources into some activity that will benefit his or her human capital.

Becker (2007) cited by Wright and McMahan (2011) stated that human capital theory focuses on educational level of employees as a source of labour productivity and economic growth. However, in terms of benefits to an organization, general knowledge is not the most important element. One of the most influential theoretical concepts of human capital theory is the distinction between general and specific

training and knowledge. The amount of human capital in the organization is linked to how well a certain task is performed; this proposition changes at the firm level and in the context of firms with substantial amounts of human capital.

In assessing the contributions of the human capital to performance, it is useful to distinguish between general and specific human capital with regard to the domains of pre- and post-investment activities. General human capital refers to overall education and practical experience, whereas specific human capital refers to education and experience, with a range of application limited to a particular activity or context (Gimeno, Folta, Cooper & Woo, 1997). The entity- specific training guarantees the sustainability of human capital because employees with such knowledge and skills may be more valuable to the particular company because of their firm-specific knowledge. These are the employees that contribute to the core competence of the business and provide competitive advantage to the firm. The theory is associated with the resource based view of the firm Barney (1991), developed a theory that suggests that sustainable competitive advantage is attained when the firm has a human capital that cannot be copied or substituted by its rivals, for the employer investments in training and developing people is a means of attracting and retaining human capital as well as getting better returns from those investments.

The link between organizational human capital and performance can be understood in the context of the resource-based view of the firm, which associates superior performance with the possession of resources that are valuable, rare, inimitable, and not substitutable (Barney,1991). Knowledge is a resource that gladly meets these conditions, is heterogeneously distributed across companies, and is therefore precarious and central to understanding differences in performance (Spender, 1996). According to Schuller (2000), persuasive skills, knowledge and competences are key factors in determining whether business organizations will prosper or fail.

2.2.4 Decision Usefulness Theory

This theory accentuates that for decisions to be made by investors and other stakeholders, information need to be disclosed. This theory indicates that important information needs to be in the public domain so that the true worth of a business organization can be seen both from physical resources, financial resources and human resources. This allows the investors to make informed decisions whether they would wish to be associated with the company or not (Freedman, 2015). Netten *et al.* (2001), elucidate that in order to provide useful information, companies need to identify and fulfill the demand from various stakeholders for information that will help them in gauging management efficiency and the future value of the companies. However, companies tend to only supply information that is perceived to be useful.

According to Deegan (2006) accounting theories that advocate the accounting information that should be provided to particular classes of stakeholders on the basis of their perceived information needs are often referred to as decision usefulness theories. Financial accounting information affords information that is beneficial for investors and creditors in making resource allocation decisions. Investors are interested in making decisions about the value of equity of companies and about potential returns from investing in stocks. The primary purpose of the financial statements is to offer information about a company in order to make better decisions for users particularly the investors (Germon & Meek, 2001).

2.2.5 Legitimacy Theory

Stanaland, Lwin and Murphy (2011) cited Suchman (1995) who argued that "Legitimacy is generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. Legitimacy theory has the role of explaining the behavior of organizations in implementing and developing voluntary social and environmental disclosure of information in order to fulfill their social contract that enables the recognition of their objectives and the survival in an anxious and

turbulent environment. Social perceptions of the organization's activities are reported in accordance with the expectations of society. In the situation when the organization's activities do not respect social and moral values, the organization is severely sanctioned by society. O'Donovan (1999) provided evidence that corporate managers believe that the media shapes public concerns and annual report disclosures are a means of winning back the support of the community after adverse media coverage.

2.2.6 Signaling Theory

According to Connelly *et al* (2011), signaling theory is useful for describing behavior when two parties (individuals or organizations) have access to different information. Normally, one party, the sender, must choose whether and how to signal that information, and the other party, the receiver, must choose how to interpret the signal. Cognizance to this study, disclosure of information in annual reports sends various signals to users of accounting information. Studies indicate that some profitability indicators are highly correlated with stock market return, confirming the strong informative power of these measures (Lewellen, 2004). Profitability indicators are used to measure the operating and financial risk of a company (Elgers & Murray, 1982).

2.3 Conceptual Framework

Conceptual framework is a detailed description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study (Mugenda, 2008). The conceptual framework below showed the relationship between the dependent and independent variables. The dependent variable in this study is firm market performance, which is represented by firm's value, as measured by Tobin's Q ratio. The independent variables are voluntary accounting disclosures (Value added statement, Forward-looking information, Human resource accounting information, Social accounting information and Management Discussions & Analysis). The moderating variable in this study was corporate governance attributes

represented by board composition and audit committee. The conceptual framework helped the researcher to see the proposed relationship between the variables easily and quickly.

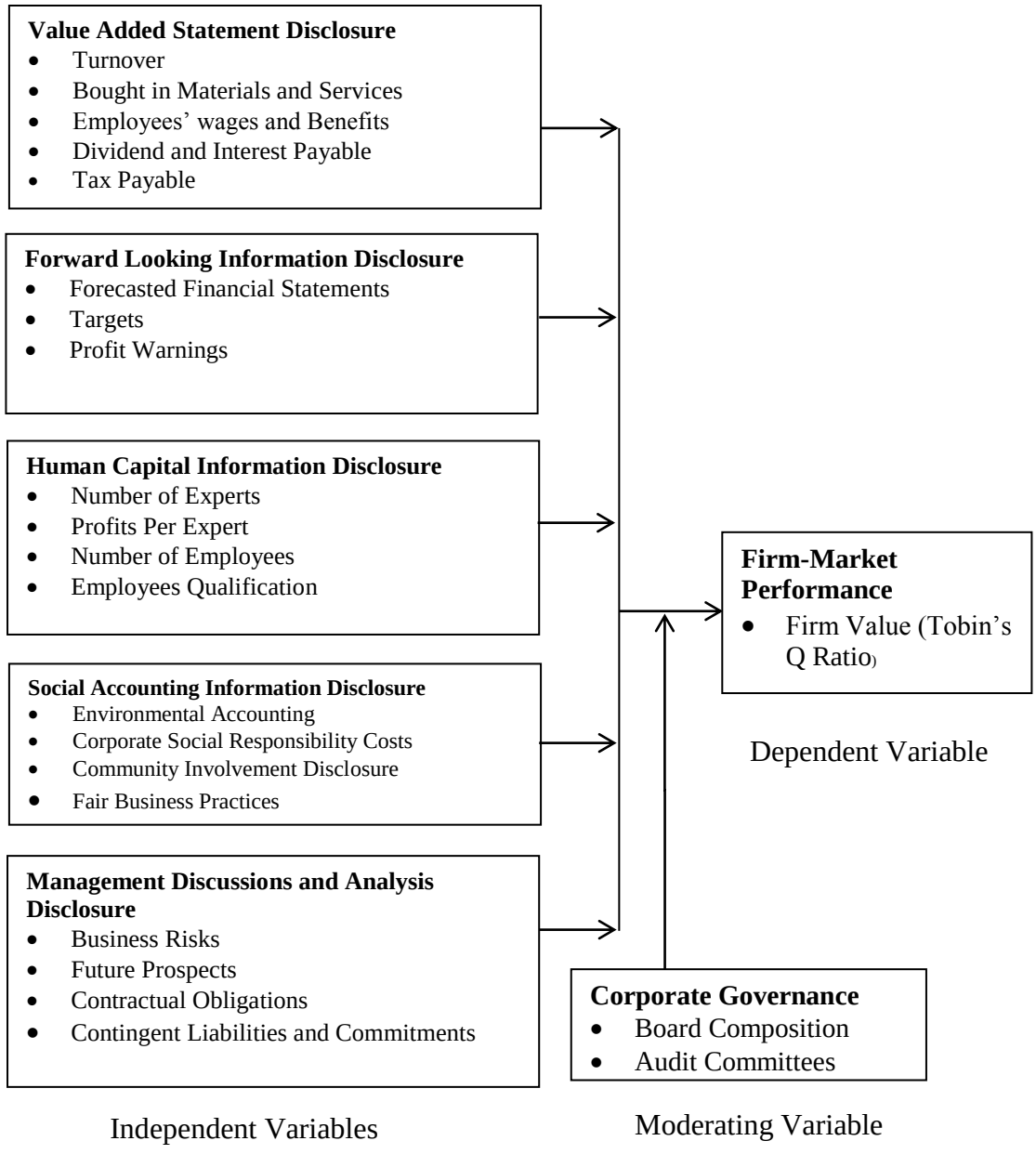

Figure 2.1: Conceptual Framework

2.3.1 Value Added Statement Disclosure

According to Chow (1987), voluntary financial disclosures includes: value added statement, financial analysis and historical financial statements. Value added statement is a financial statement which shows how much value (wealth) has been created by an enterprise through utilization of its capacity, capital, manpower, and other resources and how it is allocated among different stakeholders (employees, lenders, shareholders and government) in an accounting period,(Van staden, 2000). This research study determined the relationship between value added statement and firm performance.

2.3.2 Forward Looking Information

Forward-looking information refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance (Hussainey, 2004). It consists of information which explains the company's current and future projections meant to enable financial statement users to assess a firm's future financial performance (Aljifri & Hussainey, 2007). FLDs also include non-financial information including any contingencies surrounding the firm. It contains any information about likely risks and uncertainties that could affect the actual results at the end of the period in the case of interim report.

2.3.3 Human Resource Accounting Information

According to Kashive (2013), human resource accounting is quantifying the value of an employee. It includes assigning, budgeting and reporting the cost of human resources in an organization. Bullen *et al.* (2010) explains that human resource accounting involves accounting for the company's management and employees as human capital that provides future benefits. Flamholtz (1999), explains that the effort to determine the relationship between human resource investment information and the reflected value as depicted in stock prices is becoming more critical for accurate investment decisions; particularly in knowledge based firms.

2.3.4 Social Accounting Information

Gray, Owen and Adams (1996) define social accounting disclosure as the process of communicating the social and environmental effects of an organization's economic actions to particular interest groups within society and to society at large. It embroils extending the accountability of organizations, particularly firms, beyond the traditional role of providing a financial account to the owners of capital, particularly, shareholders. Such an extension is grounded upon the assumption that firms do have wider responsibilities than simply to make money for their shareholders.

The number of firms reporting their social and environmental performance has grown-up over the years in many countries such as Bangladesh (Belal, 2001): Ireland (Douglas, Doris & Johnson, 2004) and South Africa (CsrWire, 2006).

The quality of existing reports according to; (CsrWire, 2006; Belal, 2001; Douglas *et al.*, 2004; Imam, 2000) is wanting. Research has shown that the information contained in the CSR reports is only good news (Imam, 2000) and not comprehensive (Han & Zhang, 2008).

2.3.5 Management Discussions and Analysis

Epstein (2013) defined Management Discussion and Analysis Disclosure as a section of a company's annual report in which management discusses numerous aspects of the company both past and present. Among other things, the MD&A provides an overview of the previous year operations and how the company fared in that time period. Bryan (1997) noted that Management usually touch on the upcoming year future goals and approaches to new projects.

2.3.6 Corporate Governance Attributes

Denis (2001) defined corporate governance as the set of institutional and market mechanisms that induce self-interested managers to maximize the value of the residual cash flows of the firm on behalf of their shareholders. Further, Cadbury (1992) defines corporate governance as the system by which companies are directed and controlled. Pass (2004) also eluded corporate governance as that which is concerned with the duties and responsibilities of a company's board of directors to successfully lead the company, and their relationship with its shareholders and other stakeholder groups. Rezaee (2008) also defined corporate governance as a process through which shareholders induce management to act in their interests, providing a degree of investor confidence that is necessary for the capital markets to function effectively. Determinants of voluntary disclosures in Kenyan companies annual reports by Barako (2007). The study found that disclosures of all type of information are influenced by corporate governance attributes, ownership structure and corporate characteristics. This study looked at presence of both executive and non-executive director in board composition as well as the presence of functional audit committee and their influence on voluntary disclosure information.

2.3.7 Firm Performance

Laitinen (2002) defined performance as ability of an object to produce certain predetermined results in relation to a specified target. This research study used market based performance measure represented by Tobin's Q ratio.

2.4 Empirical Literature

2.4.1 Voluntary Disclosures and Firm Performance

There have been debates and controversies on the effect of voluntary disclosures in annual reports on firms' performance, below are empirical review of independent and dependent variables. Among related research studies are; The interaction of voluntary and mandatory disclosures (Yu, 2011); The major research finding was

that firms use voluntary disclosure to optimize total corporate disclosure levels in response to a mandatory disclosure change. Voluntary disclosures and the cost of equity (Dourlein, 2009). The research finding was that there is positively insignificant relationship between the level of voluntary disclosure provided in the annual report and that there is a negatively insignificant relationship between the level of voluntary disclosures provided on the company website and the cost of capital.

Adams (1996) carried a study on determinants of voluntary disclosure by New Zealand life insurance companies. Empirical results indicated that the level of information voluntarily disclosed by life insurance companies in their annual reports was positively associated with; firm size, product diversity and reliance on independent sales agents. A study by Qu (2011) on Voluntary disclosure by listed firms in China, showed that voluntary disclosure made by listed firms in the Chinese stock market increased. Qu further found that firms positively reacted to changed corporate disclosure environment in China. Jullobol and Sartmool (2015) conducted a study on the effect of firm performance on voluntary disclosure in annual reports: a case study of technology industry in the stock exchange of Thailand. The study employed Random-effects Tobit Models of the listed firms in technology industry during 2009 to 2013 by using return on asset (ROA) and Tobin's Q as measurement index of performance. The result of the overall information disclosure showed significant effects of firm performance on voluntary disclosure. However, disaggregate analyses by classifying data into strategy information, non-financial information, and financial information, indicate that voluntary disclosure of strategy information and non- financial information are influenced by firm performance while disclosure of financial information is not.

Several research studies evidence the relevance of corporate voluntary disclosure and its effect on the cost of capital. They point out that companies which have increased the level of voluntary disclosure show a lower cost of capital (Botosan, 1997; Piotroski, 1999; Verrecchia, 2001; Botosan & Plumlee, 2002). In this regard, Gietzmann and Ireland (2005), Espinosa and Trombetta (2007) and Francis *et al*.

(2008) found a negative association between voluntary disclosure and the cost of capital. Some other researchers studied the relevance of corporate voluntary disclosure through its effect on the firm value; (Lajili & Zeghal, 2006; Akraa & Ali, 2013). They observed the existence of a positive relationship between voluntary disclosure and firm value.

Mendes-da–Silva *et al.* (2004) conducted a study on the voluntary disclosure of financial information on the internet and the firm value across Latin America. The firm value was measured by Tobin's Q ratio. The study consisted of a cross-section based data from a group of 150 companies from Stock Exchange in Argentina, Brazil and Mexico in 2002. Multivariate analysis showed evidence of existence of significant association between the firm value and the voluntary disclosure of financial information.

Very few voluntary disclosure researches have been done in Kenya. Notably among them are: Determinants of voluntary disclosures in Kenyan companies annual reports by Barako (2007). The study found that disclosures of all type of information are influenced by corporate governance attributes, ownership structure and corporate characteristics. Determinants of forward-looking disclosures in interim reports for non-financial firms a study done by Mathuva (2012) found that forward looking disclosures mitigate information asymmetry between management and shareholders.

Wangari (2014) conducted a research on effect of voluntary disclosure on the financial performance of commercial banks in Kenya. Wangari's study examined general and strategic disclosure, financial disclosure, forward looking disclosure and social and board disclosure as proxies for measuring voluntary disclosure and how they affect the financial performance of commercial banks in Kenya. Secondary data was collected from annual reports of the forty two commercial banks for a period of six years from 2008 to 2013. The study found a positive relationship between financial, forward looking and board and social disclosure and return on equity.

Haggard, Martin and Periera (2008) investigated whether voluntary disclosures improve stock price in formativeness. The objective of the study was to find the relationship between stock price and voluntary disclosure. Disclosure in this case was measured using the annual reviews of corporate reporting practices. The findings were that there exist a negative relationship between stock prices and voluntary disclosure.

Barako, Hancock and Izan (2006) studied factors influencing the voluntary corporate disclosures by forty three companies in Kenya for the period 1992 to 2001. Barako, Hancock and Izan performed a longitudinal analysis on the voluntary disclosure practices in the annual reports of sample companies listed in NSE. The study investigated the extent to which corporate governance attributes, ownership structure and company characteristics influence the voluntary disclosure practices. The results further showed there was existence of a relationship between the level of voluntary disclosures and corporate governance attributes ownership structure and company characteristics.

Barako *et al.* (2006) finally found that large companies with high debt were disclosing more voluntary information. However, board leadership structure, liquidity, profitability and type of external audit firm were not found to have a significant influence on the level of voluntary disclosure in corporate annual reports of Kenya. Aksu and Kosedag (2005) investigated the relationship between transparency and disclosure and firm performance in the Istanbul stock exchange with a sample of fifty two firms. The objective of the study was to associate T&D scores to return on equity and market based performance measures. The findings were that Turkish firms have higher financial disclosure but lower board disclosure and also there exist a positive relationship between T&D scores and financial performance of the firms. The study used a transparency and voluntary disclosure score to carry out this research.

Naran (2013) studied on the effect of company size and voluntary disclosure on financial performance of commercial banks in Kenya. Researcher sampled 17 out of 44 commercial banks in Kenya and thereafter developed a disclosure index consisting of 47 disclosure items for the period of 2008 to 2011. Naran study focused on establishing how strategic disclosure, financial disclosure, forward looking, disclosure, board disclosure as a proxy for measuring voluntary disclosure and company size affected the financial performance of commercial banks in Kenya. The study found that a strong relationship exist between the voluntary disclosure, firm size and financial performance.

Lang and Luncholm (1993) investigated on the cross-sectional determinants of analyst ratings of corporate disclosure. Their study focused on the determinants of disclosure and they further investigated the relationship between disclosure, firm size and performance. Lang and Luncholm studied twenty seven firms disclosure and analyzed the data using descriptive statistics. Disclosure was measured by the financial analyst and federation reports (FAF). The study concluded that there existed a positive relationship between firm performance, firm size and disclosure level.

Stanwick (1998) researched on the relationship between corporate social disclosure and organizational size, financial performance and environmental performance. Stanwick's study objective was to examine the relationship between corporate social performances of the organization. Stanwick study used three variables; the size of the organization, the financial performance of the organization and the environmental performance of the organization. Stanwick's study used descriptive design and collected data from 1987 to 1992. A corporate reputation index was constructed. Stanwick observed that social performance was indeed impacted by the size of the firm, the financial performance of the firm and amount of pollution emissions released by the firms.

Ahmed and Courtis (1999) analyzed the associations between the corporate attributes and disclosures through the annual reports since the year 1961. The main objective of their study was to identify the underlying factors that could have moderated the apparent variation in the results reported in the past studies. The study noted that the findings in the past studies had consistently shown that size and listing status are significantly associated with the extent of disclosure, and that results had been inconsistent for leverage, profitability and size of the audit firm. Their research confirmed that there was a significant and positive relationship between disclosure levels and corporate size, listing status and leverage. However, no significant association was found between the aggregated disclosure levels and corporate profitability, or audit firm size. The study attributed the reasons for differences in results due to sampling error, differences in the construction of index of disclosure and variations in the definitions of the explanatory variables.

2.4.2 Value Added Statement Disclosure and performance

Value added statement is a financial statement which shows how much value (wealth) has been created by an enterprise through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders(employees, lenders, shareholders and government) in an accounting period,(Van staden, 2000). In a South African study, Van Staden (2000) investigated the usefulness of the VAS using a questionnaire survey among the external users of financial information. Most of the users of financial statements, as identified by authoritative documents around the world, were included and eight user groups (including employees, the public and government) defined. The questionnaire was developed from the world-wide literature on the value added statement as published over the last forty years. It aimed to determine the extent to which users of financial statements use the VAS, have done so in the past, or will do so in future. To establish this, forty five potential uses of the value added statement as found in the literature, were used.

Likewise, the questionnaire used twenty eight potential shortcomings of the statement to establish if this prevented users from using the statement. The questionnaire also included questions on the future use of the statement and the decisions influenced by information in the statement.

The response rate for each user group was above 15% and the average above 20%. This was regarded as sufficient for a postal survey. A surprising finding from the survey was that the employee user group, represented by the trade unions, makes almost no use of the statement. Because of a limited response from the trade unions to the postal survey, the unions were subsequently visited and interviewed. Unions representing 60% of the membership of the most important three trade union groupings in SA were visited and the finding of no use amongst the biggest unions representing most of the workers in SA, is quite significant. This is despite the fact that most of them use the financial information reported by the companies employing their members. The main reason for this lack of use appears to be the major shortcomings experienced by the users when using the statement.

A strong inverse correlation (R of-0.61) was observed between the shortcomings experienced by a specific user group and the use made of the value added information by that group. Another reason was that the value added statement seemed to almost always indicate that the employees got most of the value added and that by implication they should not get more (Hird, 1983). Respondents also had problems with value added as a measure for productivity and benchmarking in this area. Davada (2012) carried out research on "Social Responsibility of Tata Consultancy Services Ltd. through Value Added Reporting" which focuses that value added is meaningful measure of corporate performance rather than conventional measures based on traditional financial accounting and can be particularly useful for employees oriented approach, which will be more fruitful discussion with employees and can be especially useful in productivity arrangements.

Singh Pradeep (2008) conducted research on "social performance through value added reporting"-an empirical study of Lupin Lab. Ltd has analyzed that the management of Lupin Lab. has served to the society very well as total value added has been distributed among the employees, government, financial Institutions, banker & shareholders, on the other hand it also contributed towards the growth and development of the company.

2.4.3 Forward Looking Information Disclosure and performance

Conflict over whether forward looking information disclosures would be beneficial to users of financial statements is complicated because inadequate empirical evidence exists to support the position that forecasted management information would truly be beneficial to users in their decision making. Hendriksen (1982) commented on the situation offering that management forecasts would likely aid in the investment decision. Hendriksen also said that currently available information may help make markets efficient but that an alternative information set might provide an improvement in market efficiency.

Webster (1993), in a pilot study of prospective investors, found that respondents were interested in receiving company-generated financial forecasts as well as future cash flow projections. Walther (1993) contends that the future-oriented information included in the management's discussion and analysis section of the typical annual report is so limited that it impedes the information from being useful. On this same subject, Pava and Epstein (1993) found that while most firms did a good job of describing historical events, few firms provided useful and accurate forecasted information.

Penman (1990) studies noted that financial forecasts by management would be beneficial to financial statement users, although the actual benefit is difficult to measure. This difficulty in benefit measurement is due to the disclosure environment. The environment is one in which financial forecasts are voluntary and the vast majority of enterprises choose not to disclose financial forecasts.

Mathuva (2012) conducted a research study on the determinants of forward looking information disclosures in interim reports for non-financial firms listed in NSE, Kenya. Data was collected from 91 firm-year observations between 2009 and 2011. The research found that cross listed firms are associated with lower FLDs compared with non-cross listed firms. Compared to "historical accounting information", "forward-looking information" refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance (Hussainey, 2004).

It consists of information which explains the company's current and future projections meant to enable financial statement users to assess a firm's future financial performance (Aljifri & Hussainey, 2007). FLDs also include non-financial information including any contingencies surrounding the firm. It contains any information about likely risks and uncertainties that could affect the actual results at the end of the period in the case of interim report.

2.4.4 Human Resource Accounting Information Disclosure and performance

There are a lot of impediments and hitches in relation to human resources reporting on the balance sheet (Flamholtz, Bulen & Hua, 2002). Starovic and Marr (2003) elude that identification, measurement and reporting information on intangibles are the major value drivers in the knowledge economy. Conventional accounting disregards the efforts of human resources towards the contribution of business performance. This does not provide the true and fair view of the company's financial position and performance as it ignores the intellectual capital accounting components (Canibano *et al.*, 2000).

Intellectual capital based theory cogitates intellectual capital as being the only strategic resource to allow a firm to create value addition and therefore it is a source of competitive advantage (Reed *et al.*, 2006). Intellectual capital is not recognized by most companies in their statements of financial position, yet it is an imperative resource for making organizations have competitive benefit. The companies that

disclose for intellectual capital in the statement of financial position are more competitive than those firms that do not account for the human capital and are therefore more successful (Youndt *et al.,* 2004; Chiucchi, 2008). If human capital is not accounted for and disclosed, the book value of its share and market value will deviate (Okwy & Christopher, 2010)

Karimi (2012) conducted a research on relationship between human capital accounting and business performance in the pharmaceutical firms in Kenya. 31 local pharmaceutical firms were studied and the finding was that human capital disclosure influenced business performance. Subbarao and Zehgal (1997) carried a study on a macro-level perspective to HRA disclosure in financial statements. They analyzed the differences across countries in the disclosure of human resources information in annual reports. It is important to note that the Scandinavian countries have taken a particularly strong interest in the area of HRA.

Sandervang (2000) developed Value Driving Talks (VDT) model that was tested in an empirical study in a Norwegian business firm in the electrical sector. The model calculates financial returns on an organization's investments in competence development, focuses on employee training or competence development as its strategic focus and it brings into line investment in competency development to the overall business strategy to help organizations with their strategic human resource management goals. In model the participants gauge the benefits of the competency program through a benefit description statement that shows a comparison of the potential benefits and experienced improvements. A calculation is made of the benefits to the company and compared to the costs of training in order to arrive at the Return on Investment of training and development.

Telia (1996) carried two Swedish studies while experimenting with reporting HRA measures in financial statements. The Statement of Human Resources, published by Telia, a Swedish National telecommuting Company and the Statement of Human Resources provided by the Swedish Civil Aviation provided some insights on the reporting formats. In case of Telia, in addition to a human resources report, the

financial statements included a profit and loss account and a balance sheet that included investments in human resources. The statement provided by the Swedish Civil Aviation Administration provided the human resource income statement and a human resources balance sheet showing the change in the percent of value of human capital, number of employees and the calculated value of human capital, in addition to other key personnel indicators.

Roy (1999) reports on a case study on Skandia Group- one of the first companies known for its work on intellectual capital, and provides an interesting example for organizations wanting of managing their intellectual capital. Included in the case study is the process of development of the Skandia Navigator and the Dolphin Navigator under the guidance of Leif Edvinsson, one of the first persons to be documented as a knowledge manager, The Skandia Navigator successfully introduced new business ratios that emphasized an organization's intangible assets rather than tangible ones. The Dolphin Navigator developed was an IT infrastructure that would help to distribute information regarding Skandia Navigator business planning world-wide in a cost effective manner.

Grojer (1997) research gives an interesting perspective on why HRA has taken roots in Scandinavia especially Sweden, as compared to other parts of Europe, by suggesting that human resource accounting measures can be successfully introduced only when it suits the social order in organizations. Grojer eludes that introduction of new personnel key ratios in financial key ratio pages in organizations may result in the change in the social order between the management elite, and will therefore be a problematic process. The study concluded that human resource measures may be introduced smoothly in organizations when these measures would conform to the organizational social order, but that further research needs to study this area of HRA and social order in organizations in order to help us understand the full implications of this factor.

Olsson (1999) studied measurement of personnel through human resource accounting reports as a procedure for management of learning in the hospital sector of Northwest of Stockholm, and reported that learning in smaller groups is an effective means to make organizational communication regarding intellectual capital within the organization, helping organizations learn better on how to report human resources value. Olsson provided information on annual reporting practices related to human resources in corporate annual reports of major Swedish companies.

Vuontisjarvi (2006) explored by means of content analysis the extent to which the largest Finnish Companies have adapted socially responsible reporting practices in a research study focusing on Human Resource (HR) reporting in corporate annual reports with criteria set on the basis of the analysis of the documents published at the European level in the context of corporate social responsibility with special attention to the European Council appeal on CSR. The results of the content analysis indicate that although social reporting practices are still at an early stage of development in Finland, the most reported theme was training and staff development. A positive sign was that the majority also disclosed themes of participation and staff involvement and employee health and well-being, and nearly one third made references to their work atmosphere or job satisfaction survey. However disclosures lacked overall consistency and comparability with each other, and quantitative indicators were disclosed by few.

Morrow (1999) investigated the concept of football players in the United Kingdom as human assets and the importance of measurement as the critical factor in asset recognition. In another publication Wagner (2007) suggested that human capital (people and teams) is one of the intangible assets that investors look for in valuing a company, along with structural capital (processes, information systems, patents) and relational capital (links with customers, suppliers, and other stakeholders).

Gusenzow and Tower (2006) note that the Australian Football League (AFL) is Australia's premier spectator sport involving millions of people across a wide range of communities, and that it is not surprising that the most valuable assets as regarded

by AFL clubs and the AFL hierarchy are the players, the organization's biggest revenue drivers. However in the authors' survey of 79 AFL-linked individuals and 58 accountants and accounting academics to assess whether key stakeholders considered putting the value of players on a balance sheet a plausible idea, findings showed that the majority of respondents disagreed with the concept of showing the value of AFL players in their clubs' balance sheet. However it is interesting to note that the results from the logistic regression analysis and ANOVA analysis show there is a significant relationship between the concept of valuing AFL players, and both the type of respondent and their knowledge of accounting. Gusenzow and Tower note that although player valuation is a plausible and arguably important idea, a reason for the resistance by AFL respondents could be that AFL has a salary cap to limit amounts paid to players and no transfer fee system. Although the evidence from study did not demonstrate a need to implement player valuations, a move towards financial statement player valuation may be needed if AFL clubs emulate other overseas sporting codes and list on the stock exchange.

Other Australian authors such as Whiting and Chapman (2003) investigated the merits of HRA in a professional sport-rugby. The researcher argued that the Australia and New Zealand rugby union is a combination guaranteed to stir patriotic feelings across the Tasman. Whiting and Chapman raised the question that since rugby players are the team's most valuable assets, should their value be placed on the balance sheet and does doing so make any difference to decisions made by financial statement users? They further noted that professional sport has been predominant in the United Kingdom and the United Stated for nearly 200 years, but arrived much later in Australia and New Zealand.

2.4.5 Social Accounting Information Disclosure and performance

Gray, Owen and Adams (1996) defined CSR disclosure as the process of communicating the social and environmental effects of an organization's economic actions to particular interest groups within society and to society at large. It embroils extending the accountability of organizations, particularly firms, beyond the

traditional role of providing a financial account to the owners of capital, particularly, shareholders. Such an extension is grounded upon the assumption that firms do have wider responsibilities than simply to make money for their shareholders.

The number of firms reporting their social and environmental performance has grown-up over the years in many countries such as Bangladesh (Belal, 2001): Ireland (Douglas, Doris & Johnson, 2004) and South Africa (CsrWire, 2006). The quality of existing reports according to; (CsrWire, 2006; Belal, 2001; Douglas *et al.*, 2004; Imam, 2000) is wanting. Research has shown that the information contained in the CSR reports is only good news (Imam, 2000) and not comprehensive (Han & Zhang, 2008).

Empirical studies have found mixed outcomes on the relationship between profitability and CSR disclosure. Studies carried out in New Zealand have failed to find any significant relationship between the level of profitability and corporate social disclosures (Hackston & Milne, 1996). Lau and Tong (2008) in a study carried out in Malaysia found that higher profit firms have higher occurrences of disclosure in their annual report as compared to lower profit firms.

Ponnu and Okoth (2009) carried a study on CSR disclosures on listed firms in the NSE and found that companies in Kenya do have CSR disclosures in their annual reports and websites. Schaltegger (2000) argued that Environment Accounting helps in accurate assessment of costs and benefits of environmental preservation measures of companies. KPMG and UNEP (2006) further noted that Environment Accounting offers a common framework for organizations to identify and account for past, present and future environmental costs to support managerial decision-making, control and public disclosure. Choi, Kwak and Choe (2010) observed that the relationship between corporate financial performance and corporate social and environmental disclosure is one of the most controversial issues yet to be solved.

The protagonists argue that there are additional costs associated with the social and environmental disclosure and the profitability of the reporting company is depressed. Some researchers use log of profits and among these researchers, Choi *e t al.* (2010) found a positive relationship between profitability level of a company and corporate social and environmental disclosure. However, Patten (2002) failed to find any significant positive relationship between profitability and corporate social and environmental disclosure.

Iyoha (2010) argued that the concern of organizations in Nigeria is profit making and dividend payment and as such lesser attention is given to environmental matters. It is in light of the above controversy in empirical review above that this research studied the relationship between social and environmental disclosures and performance of non-financial firms listed in NSE.

2.4.6 Management Discussion and Analysis Disclosure and performance

Epstein (2013) defines Management Discussion and Analysis Disclosure as a section of a company's annual report in which management discusses numerous aspects of the company both past and present. Among other things, the MD&A provides an overview of the previous year operations and how the company fared in that time period.

Abrahamson and Amir (1996) and Subramanian *et al.* (1993) argued that Management will usually touch on the upcoming year future goals and approaches to new projects. However studies on quality of communication such as Bryan (1997) have focused on the scripts including Chairman's letter to stakeholders. In the Indian context, the structure and broad contents of the MD&A is mandated by the listing regulation and every annual report must include one as compared to the Chairman's statement that is voluntary. The MD&A scripts are required to include both an analysis of the external environment and internal context of the firm such as trend and industry structure, opportunities and threats, segment

performance, analysis of financial performance, future outlook, and risks and concerns (Rajagopalan & Zhang, 2008).

Company financial performance may influence the way in which the companies write their MD&A. Prior literature suggests that firms that are not performing well may want to hide the poor results and thus may follow a difficult to read style of writing (Jones, 1988; Subramanian *et al*., 1993).

2.4.7 Corporate Governance Attributes and Voluntary Disclosure in Annual Reports

A research study by Barako (2006) on factors influencing voluntary corporate disclosure by Kenyan companies, found that corporate governance attributes influence voluntary disclosure. Audit committee plays a significant role in influencing voluntary disclosures and the proportion of non-executive directors on the board is found to be significantly negatively associated with the extent of voluntary disclosure. Abeysekera (2010) conducted a research on influence of board size on intellectual capital disclosure by Kenyan listed firms. The research found that firms disclosing more tactical internal capital and more strategic human capital have larger boards. This finding provides insights into how a larger board size can help boards to overcome skill deficiencies in making more voluntary disclosures.

Sartawi *et al.* (2014) examined the impact of board composition on the level of voluntary in the annual reports of listed Jordanian firms. The research study showed a moderate level of voluntary disclosure in the annual reports of Jordanian firms. Insurance companies tend to disclose more voluntary information than industrial and services firms. The results further suggested that Jordanian firms which had a high-level of board ownership concentration tend to keep the level of voluntary disclosure low. The presence of foreign directors on the board seems to influence, positively, the level of voluntary disclosure in Jordanian firms. The proportion of the old directors on the boards in Jordanian companies is very high and is significantly associated with a higher level of voluntary disclosure.

The most important governance issues currently faced by firms are board composition (Milliken & Forbes, 1999). This composition refers to the proportion of outside directors to the total number of directors (Shamsher & Annuar, 1993). Companies' directorship encompasses executive and non-executive independent directors. Non-executive directors are directors who are not involved in the day to day operations and management of the company. Executive directors have specialized skills, expertise on the company's undertakings and valuable knowledge of the firm's operating policies, but independent non-executive directors are needed on the board in monitoring as well as controlling the activities of the opportunistic executive directors (Jensen & Meckling, 1976). Non-executive directors thus act as the check and balance mechanism in enhancing boards' effectiveness and play an important role in company's monitoring system (Fama & Jensen, 1983). They contribute to the new ideas, independence, and objectivity, provide advice in strategic decisions and act as a powerful tool for constraining managers' behavior (Clemente & Labat, 2009).

Non-executive directors enhance monitoring of the quality of firm disclosures and would reduce the benefits from withholding information (Forker, 1992). This will improve voluntary disclosure quality in annual reports and therefore, reduces the information asymmetry between management and stakeholders through greater information transparency. An audit committee enhances quality reporting, increases voluntary disclosure quality, improves the internal control system and, as a result, more relevant and reliable financial reporting (Forker, 1992; McMullen, 1996; Ho & Wong, 2001). In addition, Barako *et al.* (2006) and Yuen *et al.* (2009) found that the presence of an audit committee has a positive and significant association with the level of voluntary disclosures in annual reports.

2.5 Critique of Existing Literature

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

Aksu and Kosedag (2005) investigated the relationship between transparency and disclosure and firm performance in the Istanbul stock exchange with a sample of fifty five firms. The study associated the T&D scores of 52 public Turkish firms with accounting based (return on assets and return on equity) and market based (excess returns) performance measures. The results showed significant differences in financial performance in relation to T&D scores. Choi *et al.* (2010) studied corporate social responsibility and corporate financial performance. They focused on only one voluntary disclosure that is social accounting information. The authors found a positive relationship between profitability level of a company and corporate social and environmental disclosure.

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

performance of commercial banks listed in NSE in Kenya. The study found that a strong relationship exist between the voluntary disclosure, firm size and financial performance.

Several research studies evidence the relevance of corporate voluntary disclosure and its effect on the cost of capital. They point out that companies which have increased the level of voluntary disclosure show a lower cost of capital (Botosan, 1997; Piotroski, 1999; Verrecchia, 2001; Botosan & Plumlee, 2002). Contrary, Gietzmann and Ireland (2005), Espinosa and Trombetta (2007) and Francis *et al.* (2008) found a negative association between voluntary disclosure and the cost of capital.

2.6 Research Gaps

Most research studies on voluntary disclosures and firm performance do not specifically identify the content making the disclosure items. For instance, (Lang & Lundholm, 1993; Banghoj & Plenborg, 2008; Hassan *et al*., 2009; Uyar & Kilic, 2012) studied voluntary disclosures in annual reports and firm performance. None of the studies made an effort to elaborate on the specific disclosure items, instead the researchers generalized the voluntary disclosures. This research study tried to elaborate the specific disclosures such as value added statement, forward-looking information, human resource accounting information, Social accounting information, management discussions and analysis on firm performance.

From empirical review above in this study, there are very few voluntary disclosure researches that have been done in Kenya. Notably among them are Barako (2007). Who studied the determinants of voluntary disclosures in Kenyan companies annual reports (1992-2001) and found that disclosures of all type of information are influenced by corporate governance attributes, ownership structure and corporate characteristics; Mathuva (2012) who found that forward looking disclosures mitigate information asymmetry between management and shareholders in the study of determinants of forward-looking disclosures in interim reports for non-financial

firms and finally Wangari (2014) who conducted a research on effect of voluntary disclosure on the financial performance of commercial banks in Kenya. However all studies conducted did not focus on voluntary disclosure and performance except Wangari who looked at voluntary disclosures of commercial banks. This research filled the gap by studying effect of voluntary accounting disclosures on market performance of non-financial firms listed in NSE.

2.7 Summary of the Literature Review

This chapter discussed in details the various study variables that included: Value added statement disclosures, forward looking information disclosure, human resource accounting information disclosure, social and environmental information disclosure and management discussion and analysis disclosure and non-financial firm's performance. This research reviewed the theories relevant to the study. This chapter covers emphatically the empirical literature reviews in related areas of the study. The theoretical literature supports the voluntary disclosures, information asymmetry and firm performance.

There have been debates and controversies on the effect of voluntary disclosures in annual reports on companies' performance. Not any of the studies dwelt on specific voluntary disclosures and financial performance of non-financial firms. This research envisaged studying association of specific voluntary disclosures on firm performance.

The independent variables were categorized into five voluntary disclosures namely; Value Added Statement, Forward-looking information, Human Resource Capital information, Social accounting information, and Management Discussions and Analysis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a description of the methods and approaches that was adopted in conducting this study. It includes research philosophy, research design, and study population, sampling size procedure, pilot study and data analysis. The type and sources of data expected the methods of data collection and how reliability and validity were tested. The measurements of variables and data analysis techniques are also discussed.

3.2 Research Philosophy

This study was founded on the positivism paradigm. The research paradigm of a study reflects the nature and approach taken when conducting research. Research paradigms can be identified by their research philosophy and research methods. Research philosophy relates to the development of knowledge and the nature of that knowledge, (Saunders, Lewis & Thornhill, 2009).

Research methods on the other hand are the techniques used to gather and analyze data in a study. There are two research paradigms that may reinforce a research, that is, positivism and social constructivism. The positivism stance was appropriate for this study based on the underlying assumptions of this paradigm relative to social constructivism. Positivism assumes in its understanding of the world that the environment and the events of interest are objective, external and independent of the researcher (Bryman & Bell, 2003). Social constructivism, however, assumes that the understanding of the environment and events in it are socially constructed and subjective from the researcher's point of view (Bryman & Bell, 2003). This study followed the principle of deduction as explained by positivism: hypotheses were first be derived from theory after which data was collected to form a representative sample and was tested empirically to support or reject the hypotheses.

3.3 Research Design

Research design is a conceptual structure within which to conduct research (Kothari, 2004). It constituted outline for data collection, measurement and analysis. This study adopted a descriptive cross-sectional research design to analyze the effect of voluntary disclosure on performance of non-financial companies listed in the NSE. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Saunders *et al*., 2009). A descriptive research design is appropriate where the researcher is attempting to explain how the phenomenon operates by identifying the underlying factors that produce change in it in which case there is no manipulation of the independent variable (Kerlinger & Lee, 2000).

3.4 Target population

The target population of the study comprised of all non-financial companies listed in the Nairobi Securities Exchange (NSE).

Table 3.1: Target Population

Segment/sectors	**Number of listed**	**Percentage**
Agricultural	6	13.3%
Automobiles and accessories	3	6.7%
Energy and petroleum	5	11.1%
Telecommunication & technology	1	2.3%
Construction & allied	5	11.1%
Manufacturing and allied	10	22.2%
Investment	5	11.1%
Commercial and services	10	22.2%
Total	**45**	**100%**

Source: NSE Hand Book, (2015)

The NSE has 45 non-financial companies as per NSE Hand book 2015. These 45 companies are classified as shown above in table 3.1 based on NSE categorization of segments into seven segments 13.3 percent comprise of companies in the agricultural segment while 6.7 percent of the companies are in the automobile and accessories segment. Companies in the energy and petroleum sector make up 11.1 percent of the target population while 2.3 percent is in the telecommunication segment. 11.1 percent of the companies are in the construction and allied segment while 22.2 percent of the companies are in the manufacturing and allied segment. 11.1 percent of the companies are in the investment segment while 22.2 percent are in the commercial and services segment. This distribution shows that most of the listed non- financial companies come from manufacturing and allied segment while the least number of companies come from telecommunication and technology segment. The companies in the financial sector were excluded from the study as they are highly regulated by the central bank prudential on issues of liquidity, asset and disclosures among other factors (Pratheepkanth, 2011).

3.5 Sampling frame

Mugenda and Mugenda (2003) defines sampling frame as the actual set of units from which a sample has been drawn. Kothari (2004) also defined sampling frame as a physical representation of the target population that comprised all the units that are potential members of the sample. The sample frame consisted of 45 non-financial firms listed in NSE as per NSE handbook (2015). These were drawn from the following sectors: Agricultural, automobile and accessories, commercial and services, construction and allied, energy and petroleum, investment, manufacturing and allied and telecommunication and technology.

Table 3.2: Sampling frame

Segment/sectors	Target population	Sample
Agricultural	6	6
Automobiles & accessories	3	3
Energy and petroleum	5	5
Telecommunication & technology	1	1
Construction & allied	5	5
Manufacturing & allied	10	10
Investment	5	5
Commercial & services	10	10
Total	**45**	**45**

3.6 Sampling Design and Technique

Given that the target population was 45 non-financial firms listed NSE therefore a census approach to the study was appropriate. This was because the number of non-financial firms listed in NSE is small. Mugenda and Mugenda (2003) eluded that when the population is too small, census is the most preferred method. Another reason for using this approach was due its enhanced validity in data collection because it included certain information which enriched the study (Saunder *et al.*, 2009). The study examined a panel data of 44 listed non-financial firms from 2011-2015. One firm Rea Vipingo was delisted in NSE in 2015 thus expunged from the study. The study focused on this period 2011 to 2015, because majority of non-financial firms performed so dismally causing public outcry for instance the Kenya Airways, Mumias Sugar, Uchumi Supermarket, Rea Vipingo and Trancentury among others. In addition five years period was adequate to measure any significant change. This generated a total of 220 firm year observations.

3.7 Data collection Instruments

The choice of the procedures to use for data collection was influenced by the nature of the problem and by the availability of time and money (Cooper & Schindler, 2008). Zikmund (2003) defined data collection tools as the instruments used to collect information for research study. The study collected both primary and secondary data.

3.6.1 Primary Data

Primary data is the data which is collected a fresh and for the first time and thus happen to be original in character (Kothari, 2004). Bell, (2014) describes primary data as the data that is collected directly from respondents at first hand. A questionnaire is a data collection tool, designed by the researcher and whose main purpose is to communicate to the respondents what is intended and to elicit desired response in terms of empirical data from the respondents in order to achieve research objectives (Mugenda & Mugenda, 2003). It is a means of eliciting the feelings, beliefs, experiences, perceptions, or attitudes of some sample of individuals (Zikmund, 2003). The reasons for using questionnaire are: it is practical , can collect large amounts of information from many people in a short period of time in a cost effective way, Can be carried out by the researcher or by any number of people does not affect its validity and reliability, data from questionnaires can quickly and easily be quantified by either the researcher or through use of a software package. Finally, Positivists believe that quantitative data collected from questionnaire can be used to create new theories and / or test existing hypotheses (Wilkinson & Birmingham, 2003). Creswell (2009) argues that questionnaire is appropriate because respondents can be reached easily and were willing to co-operate and write independently.

The pre-requisite to the questionnaire design was the definition of the variable and the specific study objective (Mugenda & Mugenda, 2003). The researcher used structured questionnaires which were issued to the CEO's of the 45 listed non-

financial firms in NSE. A drop and pick method was used as this provides ample time to the respondent to address the questions.

3.6.2 Secondary Data

Zikmund (2003) describes secondary data as information collected by others as well as information generated through comparative research. According to Dawson (2009) secondary data involves collecting using information from books, Journal, reports and thesis. Cooper and Schindler (2008) explain that secondary data is a useful qualitative technique for evaluating historical or contemporary confidential public records, reports, government documents and opinions. Secondary data was obtained from NSE handbook (2015) which was used to analysis performance of non-financial firms listed in NSE.

3.8 Data Collection Procedure

Primary data was collected through the administration of semi-structured questionnaires to the 45 Chief executive officers (CEO) of the selected firms using drop and pick method. Follow-up was done through emails and phone. Secondary data was collected from annual published financial statements using a secondary data collection sheet. Secondary data was also gathered from audited financial reports of non-financial firms listed in NSE, Kenya. The data for all the variables in the study was extracted from published annual reports and financial statements of the listed companies in the NSE covering the years 2011 to 2015. The secondary data was obtained from the NSE handbooks for the period of reference using secondary data forms.

3.9 Pilot Study

Before actual collection of data, a pilot testing was conducted to obtain some assessment of the questions' validity and the likely reliability of the data. It is during the pre-test of the instrument that the researcher was able to assess the clarity of the instrument and the ease of use of the instrument (Mugenda & Mugenda, 2003). Since

this is an interviewer-administered questionnaire, further inquiry on the length, clarity and ambiguity of the questions were also sought. Pretesting was done to 3 listed non- financial firms which were randomly sampled.

The information collected during the pilot study was used to undertake a preliminary analysis to enable the research questions to be answered. In order to minimize the possible instrumentation error and hence increase the reliability of the data collected, tests of reliability was carried out to check on the internal consistency of data measurement instruments by use of Cronbach's Coefficient Alpha. Cronbach's Coefficient Alpha was computed using statistical packages for social sciences (SPSS 22.0). Cronbach's Alpha is a general form of the Kunder-Richardson (K-R) formulas used to assess internal consistency of an instrument based on split-half reliabilities of data from all possible halves of the instrument. Alpha values range from 0 to 1.00. Nunnally (1978) offered a rule of thumb of 0.7 or higher to guide on what is an acceptable alpha before a research instrument was used.

3.10 Data Processing and Analysis

The data obtained was analyzed using descriptive and inferential statistics, correlation analysis and panel multiple linear regression analysis to analyze data. Descriptive statistics is usually used at the beginning of the analysis phase in order to provide preliminary analysis of the data and guide the rest of the data analysis process (Cooper & Schindler, 2008). The measures of central tendency and dispersion such as mean, standard deviation and percentages were used. On the other hand, inferential statistics were used to test a number of hypothesized relationships so as to allow generalization of the findings to a larger population. A multiple linear regression model and t-statistic was used to determine the relative importance of each independent variable in influencing firm performance. The t-statistic and F-statistic was used to test the five hypotheses at a maximum of 5% significance level. Karl Pearson's correlation coefficient test was used to test correlation between the variables.

The adjusted R was used to determine the extent of the relationship between the variables. Computer packages Microsoft excel and Statistical Package for Social Sciences (SPSS) was used to assist in data analysis because it has in-build formulas. SPSS software is a comprehensive system for analysis of data and can take data from any type of file and use it to generate tabulated reports, charts, compare means, correlation and many other techniques of data analysis (Microsoft Corporation, 2003).

3.10.1 Empirical Model

In order to analyse the effect of voluntary accounting disclosure on market performance of non-financial firms listed in the NSE, the study modified the model used by Saeedi and Mahmoodi (2011), Mwangi (2014) and Muiruri (2015). The study employed the linear regression model to analyze the effect of voluntary accounting disclosure on market performance of non-financial firms listed on the NSE in Kenya. Given that the data had both time series and cross sectional dimensions, the study estimated a linear panel regression as proposed by Greene (2008).

The general empirical model used in this study was defined as follows:

$Yit = \beta_0 + \beta X + E$……………………………………………………….….. (3.1a)

This Equation was transformed by specifying E as shown in Equation 3.1b.

$E = V + U$ ………………………………………………………….. (3.1b)

Where Y is the dependent variable denoting performance of non-financial firms i at time t , i denotes the observation (non-financial firms), i = 1,.......,44 while t is the time period t =2011, ... ,2015; X denotes a vector of independent variables, β are coefficients to be estimated, and β_0 is a constant term, and E is a composite error term. Where V denotes heterogeneity effects and U denotes idiosyncratic disturbances. Equation 3.1a was expanded to obtain equations 3.2a and 3.2b which

was used for estimation. The general multiple linear regression models that were specified and tested in this study are given as follows:

$Y_{it}= \beta_{0+} \beta_1 X_{1+} \beta_2 X_{2+} \beta_3 X_{3+} \beta_4 X_{4+} \beta_5 X_5+\varepsilon$……..3.2a

Y_{it} = Value of dependent variable

β_0 = Constant (Y intercept)

(β=1,2,3,4,5) = Regression coefficients values

(X_1, X_2; X_3, X_4, X_5)= various independent variables.

Y= Performance of non-financial firms expressed by TOBIN Q

X_1= Value Added Statement (VAS)

X_2= Forward Looking Information Disclosure (FLID)

X_3=Human Resource Accounting Information Disclosure (HRAID)

X4 = Social Accounting Information Disclosure (SAID)

X_5=Management Discussion & Analysis Disclosure (MDAD)

ε = Error term (the residual error of the regression)

TOBIN'S $Q=\beta_{0+} \beta_1$ VAS $+ \beta_2$ FLID$_+ \beta_3$ HRAID$_+ \beta_4$ SAID $+ \beta_5$ MDAD$+\varepsilon$..3.2b

TOBIN'S Q=TOBIN'S Q ratio of non-financial firms,

β_0 = Constant for each non-financial firm

(β=1,2,3,4,5) = Regression coefficients values

(VAS; FLID; HRAID; SAID;MDAD)= various independent variables

ε = Error term (the residual error of the regression)

VAS= Value Added Statement Disclosure of non-financial firms

FLID= Forward-Looking Information Disclosure of non-financial firms

HRAID= Human Resource Accounting information Disclosure of non-financial firms

SAID= Social Accounting information Disclosure of non-financial firms

MDAD = Management Discussions& Analysis Disclosure of non-financial firms

Before running multiple linear regression models for all study variables, univariate regression was conducted to test the effect of each predictor variable on the dependent variable as follows:

Objective 1: To establish the effect of value Added Statement disclosure on market performance of non- financial firms listed in NSE Kenya.

$Y_{it} = \beta_{0+} \beta_1 X_1 + \varepsilon$……..,…….. (1)

Objective 2: To determine the effect of forward–looking information disclosure on market performance of non- financial firms listed in NSE Kenya.

$Y_{it} = \beta_{0+} \beta_2 X_2 + \varepsilon$…….…….. (2)

Objective 3: To establish the effect of Human Resource Accounting information disclosure on market performance of non- financial firms listed in NSE Kenya.

$Y_{it} = \beta_{0+} \beta_3 X_3 + \varepsilon$…….. (3)

Objective 4: To assess the effect of Social Accounting information disclosure on market performance of non- financial firms listed in NSE Kenya.

$Y_{it} = \beta_{0+} \beta_4 X_4 + \varepsilon$……..…….. (4)

Objective 5: To determine the effect of Management Discussions and Analysis disclosure on market performance of non- financial firms listed in NSE Kenya.

$Y_{it} = \beta_{0+} \beta_5 X_5 + \varepsilon$…….. (5)

The extended model to estimate the moderating effect of corporate governance attributes on voluntary disclosures information in annual reports on market performance.

$Y_{it} = \beta_{0+} \beta_1 X_1 * M + \beta_2 X_2 * M + \beta_3 X_3 * M + \beta_4 X_4 * M + \beta_5 X_5 * M + \varepsilon$……..3.3a

Y= Performance of non-financial firms expressed by TOBIN Q

X_1= Value Added Statement Disclosure (VAS)

X_2= Forward Looking Information Disclosure (FLID)

X_3=Human Resource Accounting Information Disclosure (HRAID)

X_4= Social Accounting Information Disclosure (SAID)

X_5=Management Discussion & Analysis Disclosure (MDAD)

M= Corporate Governance attributes (Moderating variable)

ε = Error term (the residual error of the regression)

TOBIN'S $Q_{it} = \beta_{0+} \beta_1$ VAS*CGA $+ \beta_2$ FLID*CGA$+ \beta_3$ HRAID*CGA$+ \beta_4$ SAID *CGA$+ \beta_5$ MDAD*CGA$+ \varepsilon$..3.3b

Where

CGA = Corporate Governance attributes (Moderating variable)

ε= Error term (the residual error of the regression)

3.10.2 Diagnostic Test

It was necessary during the study to ensure non-violation of the assumptions of the classical linear regression model (CLRM) before attempting to estimate equations 3.2a and 3.2b. Estimating equations 3.2a and 3.2b when the assumptions of the classical linear regression model are violated runs the risk of obtaining biased, inefficient, and inconsistent parameter estimates. Consequently, the following diagnostic tests was conducted in order to ensure proper specification of equations 3.2a, and 3.2b; Normality test, multicollinearity, autocorrelation and heteroscedasticity.

Normality Test

A normal distribution is not skewed and is defined to have a coefficient of kurtosis. Jarque-Bera formalizes this by testing the residuals for normality and testing whether the coefficient of skewedness and kurtosis are zero and three respectively (Brooks, 2014). This study used Jarque-Berra's statistic to determine whether the sample data have the skewedness and kurtosis matching a normal distribution. It is a test based on residuals of the least squares regression model.

Multicollinearity

Multicollinearity was tested in the study using correlation matrix whereby the cut-off point for severe multicollinearity was 0.8 (Gujarati, 2003; Cooper & Schindler, 2008). Failure to account for perfect multicollinearity may result into indeterminate regression coefficients and infinite standard errors while existence of imperfect multicollinearity results into large standard errors. Large standard errors affect the precision and accuracy of rejection or failure to reject the null hypothesis. During estimation, the problem is not lack of multicollinearity but rather its severity. A correlation coefficient greater than 0.8, thus, indicate the presence of severe multicollinearity.

Autocorrelation

This study used the Wooldridge test for serial correlation to test for the presence of autocorrelation in the linear panel data. Serial autocorrelation is a common problem experienced in panel data analysis and .has to be accounted for in order to achieve the correct model specification. According to Wooldridge (2003), failure to identify and account for serial correlation in the idiosyncratic error term in a panel model would result into biased standard errors and inefficient parameter estimates.

Heteroskedasticity

Heteroscedasticity is an assumption of CLRM that needs to be tested for in the data and properly accounted for if present. Specifically, the CLRM assumes that the error term is homoskedastic, that is, it has constant variance. If the error variance is not constant, then there is heteroskedasticity in the data. Running a regression model without accounting for heteroskedasticity would lead to unbiased parameter estimates but the invalid standard errors. In this thesis, panel level heteroskedasticity was tested using the Likelihood Ratio (LR) test proposed by Wiggins and Poi (2001).

Panel Unit Root Test

Since panel data have both cross-sections and time series, there is need to test for the stationarity of the time series because the estimation of time series data is based on the assumption that the variables are stationary. Estimating models without taking into account the non-stationary nature of the data would lead to spurious results (Gujarati, 2003). In this thesis, the researcher employed Fisher-type test of unit root in panel data.

3.10.3 Operationalization and Measurement of Variables

Table 3.3 contains a list of the various study variables, their operational definitions, and the measurements to be used to estimate these variables. Constructs of each item of the variable was measured by scale as summarized below.

Table 3.3: Operationalization and Measurement of Study Variables

Category	Variables	Operationalization &measurement	Notation
Dependent Variables	**Performance** Tobin's Q Ratio	Q=Market Capitalization/Total Assets	**TOBIN'S Q RATIO**
Independent Variables	**Value Added Statement disclosure**	Value Added	**VAS**
	Forward-looking information disclosure	Forecasted financial statements Targets,	**FLID**
	Human Resource Accounting Information disclosure	Human Resource Accounting data	**HRAID**
	Social Accounting Information disclosure	Corporate Social Responsibility Accounting data.	**SAID**
		Environmental Accounting data	
	Management Discussions& Analysis Disclosure	Management Discussions & Analysis report	**MD&AD**
Moderating variable	**Corporate-Governance Attributes**	Board composition Audit Committee	**CGA**

Source: (author, 2016)

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter deals with the analysis and results of the data. The findings are presented based on the five specific objectives of the study. A structured questionnaire was used during the study to collect data. Section A addressed the general/demographic information of the research, while subsequent sections addressed issues relating to independent variables. The study further collected secondary data on market capitalization and total assets in order to compute Tobin Q which was the dependent variable.

4.2 Response Rate

A total number of 45 questionnaires were administered to the CEO of 45 listed non-financial companies in Kenya however only 44 questionnaires were returned. This constituted 97.78% response rate. Response rate refers to the extent to which the final data set includes all sample members and is calculated as the number of people with whom interviews are completed divided by the total number of people in the entire sample, including those who refused to participate and those who were unavailable (Fowler, 2013). According to Mugenda and Mugenda (2003), a response rate of more than 50% is adequate for analysis. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. The achieved response rate was very good. The high response rate of 97.78% could be attributed to the personal efforts of the researcher in administering the questionnaires and a close follow up with the respondents.

4.3 Respondents Background information

The respondents were supposed to indicate their background information. The background information sought included education level and work experience. The information was intended to ascertain the credibility of the respondents to provide the information necessary for this study.

4.3.1 Education Level of Respondents

The study sought to establish the level of education of the respondents. The results indicated that thirty one respondents had masters level of education while those who had bachelor's degree were eight and finally those with PhD/doctorate degree were five. The findings imply that all the respondents were well educated which justifies why they hold top management positions in their respective companies and were able to fill the questionnaire without difficulty.

The findings are provided in the figure 4.1.

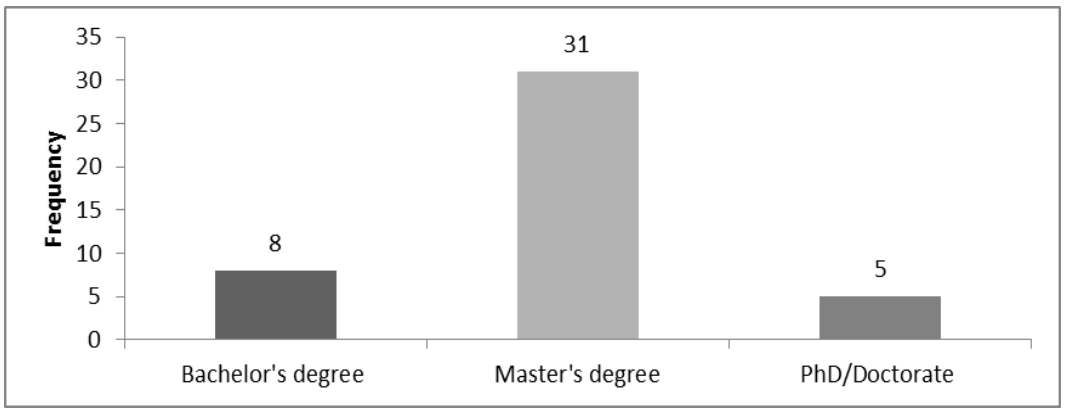

Figure 4.1: Education Level of Respondents

4.3.2 Number of Years Worked by the Respondents

The study sought to find out the number of years the respondents had worked in the respective companies. The study findings show that sixteen respondents had worked for between 6 and 10 years. Those who had worked for over 10 years were fourteen

and finally those who had worked for between 1 and 5 years were also fourteen. The results imply that the respondents had stayed longer enough to provide the information required by the study.

The results are presented in the figure 4.2.

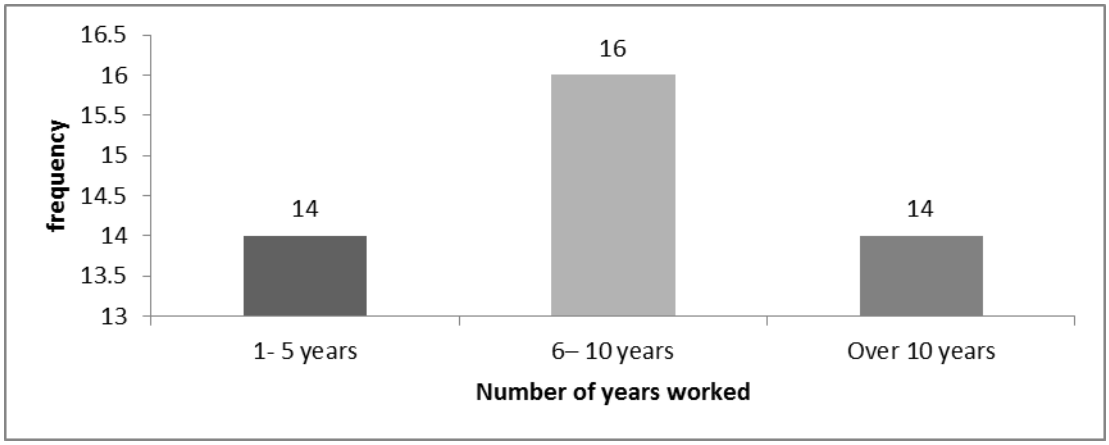

Figure 4.2: Number of Years Worked by the Respondents

4.4 Diagnostic Tests Results

When the assumptions of the linear regression model are correct, ordinary least square (OLS) provides efficient and unbiased estimates of the parameters (Long & Ervin, 2000). As Pedhazur (1997) noted, "Knowledge and understanding of the situations when violations of assumptions lead to serious biases, and when they are of little consequence, are essential to meaningful data analysis". To keep up with the assumptions, this study conducted the following diagnostic tests: factor analysis, reliability test, normality test, homoscedasticity test and multicollinearity test on the variables. However, as Osborne, Christensen, and Gunter (2001) observe, few articles report having tested assumptions of the statistical tests they rely on for drawing their conclusions.

4.4.1 Factor Analysis

Factor analysis was conducted for the independent, moderating and dependent variables to find factors among observed variables in order to reduce the number of variables, if necessary. The importance of conducting a factor analysis was to summarize the information contained in a number of original variables into a smaller number of factors without losing much information. This implies that the newly created variables should represent the fundamental constructs, which underlie the original variables (Gorsuch, 1990). Factor loadings represent how much a factor explains a variable in factor analysis. The general rule of the thumb for acceptable factor loading is 0.40 or above (David, Patrick, Phillip, & Kent, 2010).

Cooper and Schindler (2008) have indicated 0.7 to be an acceptable loading. Other researchers suggest that 0.4 is the minimum level for item loading. Costello and Osborne (2005) argues that if an item has loading of less than 0.4 it may either not be related to the other items or suggests an additional factor that should be explored. Hair *et al.* (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. Mwiti (2013) suggested that variables with factor loadings greater than 0.3 were the ones that had the highest significance and influence.

The summary of the factor analysis for all the variables are stated in Table 4.1. The results for the Value Added Statement disclosure, forward-looking information disclosure, corporate governance attributes, social accounting information disclosure, management discussions and analysis disclosure, human resource accounting information disclosure showed that all the factor loadings for the five items were above 50%. All the items were accepted based on the general rule of thumb for acceptable factor loading of 0.40 above. No item was removed or dropped. All the variables have factor loadings above 40% and were acceptable based on the general rule as no item was removed.

Table 4.1: Factor Analysis for all the variables

Variables	Number of Items	Loadings	Comment
Value Added Statement disclosure	6	70% and above	Accepted
forward-looking information disclosure	6	60% and above	Accepted
human resource accounting information disclosure	6	60% and above	Accepted
social accounting information disclosure	6	60% and above	Accepted
management discussions & analysis disclosure	6	70% and above	Accepted
corporate governance attributes	6	60% and above	Accepted

4.4.2 Reliability Test Results

Before actual collection of data, a pilot testing was conducted to obtain some assessment of the questions' validity and the likely reliability of the data. Pretesting was done to three listed non-financial firms which were randomly sampled. The questionnaire was issued to top management from the three selected companies. The questionnaires were then analysed to establish the reliability and validity of the research instrument.

Various scholars view reliability as the repeatability, stability or internal consistency of a questionnaire (Bryman, 2008; Cooper & Schindler, 2011; McMillan & Schumacher, 2010). Reliability is an indication of the stability and consistency with which the instrument measures a concept and helps to assess the goodness of a measure. In this study, Cronbach's Alpha, which is a reliability coefficient, was used to indicate how well the items in the set were correlated with each other. According to Sekara, (2008) the closer a Cronbach's Alpha is to 1 the higher the reliability and a

value of at least 0.7 is recommended. The cronbach's alpha was used in this study to measure the internal consistency of the variables.

The study consists of five independent variables and one dependent variable. The independent variables consist of Value Added Statement disclosure, forward-looking information disclosure, corporate governance attributes, social accounting information disclosure, management discussions & analysis disclosure, human resource accounting information disclosure. The reliability results indicate that all the constructs had Cronbach's Alpha above the minimum acceptable reliability coefficient of 0.7 and good internal consistency. Based on this analysis, all items in the scale were accepted and considered for the study.

The reliability of the variables and the results are shown in table 4.2

Table 4.2: Reliability Test Results

Variables	**Cronbach's alpha**	**Number of Items**	**Comment**
Value Added Statement Disclosure	**0.823**	6	Accepted
Forward-Looking Information Disclosure	**0.721**	6	Accepted
Human Resource Accounting Information Disclosure	**0.921**	6	Accepted
Social Accounting Information Disclosure	**0.788**	6	Accepted
Management Discussions & Analysis Disclosure	**0.843**	6	Accepted
Corporate Governance Attributes	**0.754**	6	Accepted

4.4.3 Normality Test

The assumption of linear regression requires that the data should be normally distributed. Therefore to test the normality of the dependent variable Tobin's Q, a One-Sample Kolmogorov-Smirnov Test (KS) was conducted. The Kolmogorov-Smirnov test (also known as the K-S test or one sample Kolmogorov-Smirnov test) is a non-parametric procedure that determines whether a sample of data comes from a specific distribution; normal, uniform, Poisson, or exponential distribution. It is mostly used for evaluating the assumption of univariate normality by taking the observed cumulative distribution of scores and comparing them to the theoretical cumulative distribution for a normally distributed variable. The null and alternative hypotheses are stated below.

H_o: The data is normally distributed

H_1: The data is not normally distributed

The rule is that if the p-value is greater than 0.05, H_o is accepted and H_1 is rejected, if the p -value is less than 0.05, H_o is rejected and H_1 is accepted.

The results obtained indicate that Kolmogorov-Smirnov Z statistic is 22.264 (p-value=0.065) since the statistic is high with the p-value greater than 0.05, the null hypothesis was accepted and concluded that the data was normally distributed and therefore fit for linear regression analysis.

Table 4.3: One-Sample Kolmogorov-Smirnov Test

		TOBIN'S Q RATIO
N		44
Normal Parameters[a,b]	Mean	1213.78
	Std. Deviation	2966.729
Most Extreme Differences	Absolute	.341
	Positive	.330
	Negative	-.341
Kolmogorov-Smirnov Z		22.264
Asymp. Sig. (2-tailed)		.065

a. Test distribution is Normal.

b. Calculated from data.

4.4.4 Homoscedastic Test for Firm Financial Performance

Homoscedasticity suggests that the dependent variable has an equal level of variability for each of the values of the independent variables (Garson, 2012). A test for homoscedasticity is made to test for variance in residuals in the regression model used. If there exists equal variance of the error term, we have a normal distribution. Lack of an equal level of variability for each value of the independent variables is known as heteroscedasticity, The Breusch-Pagan test developed by Breusch and Pagan (1979) was used to test for homogeneity in a linear regression mode. The null and alternative hypotheses are stated below.

H_o: The data is not heterogenous in variance

H_1: The data is heterogeneous in variance

The rule is that if the p-value is greater than 0.05, H_o is accepted and H_1 is rejected, if the p -value is less than 0.05, H_o is rejected and H_1 is accepted. The result of the test is shown in table 4.4, which indicate that the test statistic is 6.4321 (p-value = 0.453)

with the degree of freedom. Since the test –Statistic is small with the p-value greater than 0.05, the null hypothesis was accepted and concluded that there was homoscedasticity in the data (that is, the data is not heterogeneous in variance), which satisfies the assumption of regression.

Table 4.4: Test for Homoscedasticity in the Response and Residuals

Test – Statistic	Degree of Freedom	P-Value
6.4321	4	0.453

4.4.5 Test for Stationarity

Unit root tests were conducted using the ADF test to establish whether the variables were stationary or non-stationary. The purpose of this is to avoid spurious regression results being obtained by using non-stationary series. Results in Table 4.5 indicated that Tobin's Q was non-stationary (presence of unit roots) at 1%, 5% and 10% levels of significance. This called for first differencing of the non-stationary variable to make it stationary.

Table 4.5: Unit Root Tests at Level

Variable name	ADF test	1% Level	5%	10%	Comment
Market Capitalization	-6.6054	-3.5924	-2.9314	-2.6039	Stationary
Tobin's Q	-2.8217	-3.5922	-2.9314	-2.6039	Non Stationary
Total Asset	-4.9153	-3.5966	-2.9331	-2.6048	Stationary

Table 4.6 displays the unit root tests after first differencing. It is clear from the results in table 4.6 that all the variables become stationary (unit root disappears) on first differencing.

Table 4.6: Unit Root Tests at First Difference

Variable name	ADF test	1% Level	5%	10%	Comment
Market Capitalization	-6.6054	-3.5924	-2.9314	-2.6039	Stationary
D(Tobin's Q)	-4.2517	-3.5966	-2.9331	-2.6048	Stationary
Total Asset	-4.9153	-3.5966	-2.9331	-2.6048	Stationary

4.4.6 Test for serial Autocorrelation

The test for autocorrelation was performed to establish whether residuals are correlated across time. OLS assumptions require that residuals should not be correlated across time and thus the Breusch–Godfrey test which is also an LM test was adopted in this study. The null hypothesis is that no first order serial /auto correlation exists. The results of the Table 4.7 below indicated that the null hypothesis of no autocorrelation is rejected and that residuals are not auto correlated (p-value=0.0001). The null hypothesis is that there is no serial correlation of any order.

Table 4.7: Serial Correlation Tests

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	13.59370	Prob. F(2,38)	0.0000
Obs*R-squared	18.35087	Prob. Chi-Square(2)	0.0001

4.4.7 Test for Multicollinearity

Multicollinearity is an unacceptable high level of inter correlation among the independent variables, such that effects of independent variables cannot be separated (Garson, 2012). In multiple regression, the variance inflation factor (VIF) is used as an indicator of multicollinearity. Variance inflation factor (VIF) is a factor by which the variance of the given partial regression coefficient increases due to given variable's extent of correlation with other predictors in the model (Dennis, 2011). As a rule of thumb, lower levels of variance inflation factor (VIF) are desirable as higher levels of VIF are known to affect adversely the results associated with multiple regression analysis. A simple diagnostic of co linearity is the variance inflation factor for each regression coefficient.

Garson (2012) asserts that the rule of thumb is that VIF > 4.0 multicollinearity is a problem and other scholars use more lenient cut off of VIF>5.0 when multicollinearity is a problem. However, O'Brien (2007) suggests that this rule of thumb should be assessed in contextual basis taking into account factors that influence the variance of regression coefficient. He further argued that the VIF value of 10 or even 40 or higher does not necessarily suggest the need for common treatment of multicollinearity such as using ridge regressions, elimination of some variables or combine into a single variable.

This study adopted a VIF value of 4.0 as the threshold. Value Added Disclosure had a VIF of 2.319, Forward Looking Disclosure 1.496, Human Resource information Disclosure 2.11, Social accounting information Disclosure 2.921, Managerial Analysis Disclosure 2.954 and Corporate Governance Attributes 2.004. These results indicate that the VIF values of the independent variables were within the threshold of 4.0. This indicated that that there was no threat of multicollinearity problem and therefore, the study used linear regression model. The results of the analysis are shown in table 4.8.

Table 4.8: Multicollinearity Test

	Tolerance	VIF
Value Added Disclosure	0.431	2.319
Forward Looking Disclosure	0.669	1.496
Human Resource information Disclosure	0.474	2.11
Social accounting information Disclosure	0.342	2.921
Managerial Analysis Disclosure	0.339	2.954
Corporate Governance Attributes	0.499	2.004

4.5 Market Performance of Non-Financial Firms Listed

This section contained the analysis of the market performance of listed non-financial firms in Kenya. The mean for market capitalization, total assets and Tobin's Q ratio for the study period are provided in the table below. The result indicated that average market capitalization was highest in 2014 and lowest in 2011 while average totals assets increased steadily within the study period. The period also saw a reduction in market value as measured by Tobin's Q.

Table 4.9: Mean of market Performance of Listed Non-Financial Firms

Year	Market Capitalization(KSH)	Total Assets(KSH)	TOBIN'S Q RATIO
2011	16193905066	19747542	5407.7
2012	20531503390	15358468	2718.96
2013	24667260783	17920340	2905.13
2014	26831212576	31850489	2826.02
2015	23829659118	40543637	2138.65

4.5.1 Trends in market Capitalization of Listed Non-Financial Firms

The results of trends analysis revealed that market capitalization of listed non-financial firms increased from 2011 to 2013 before dropping in 2014 and 2015.

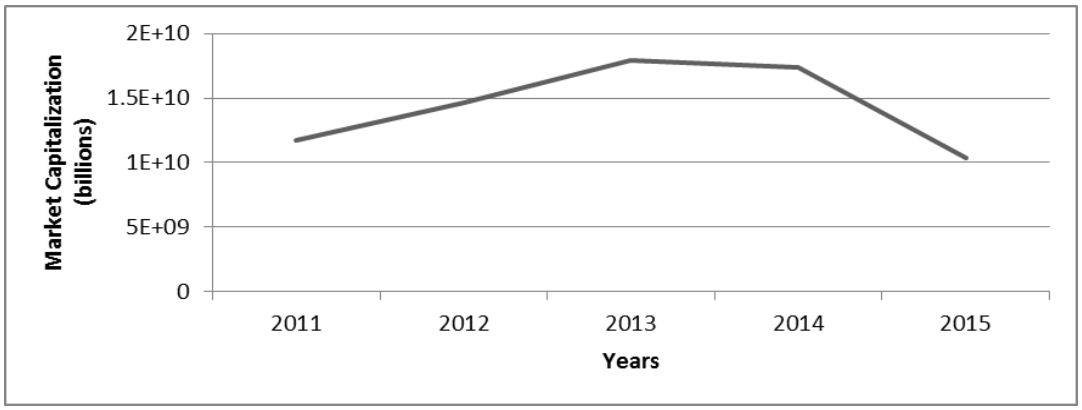

Figure 4.3: Trends in market Capitalization of Listed Non-Financial Firms

4.5.2 Trends in Total Assets of Listed Non-Financial Firms

The results of trends analysis revealed that total assets of listed non-financial firms decreased from 2011 to 2012. The trend later steadily increased from 2012 to 2015 as shown in figure 4.4.

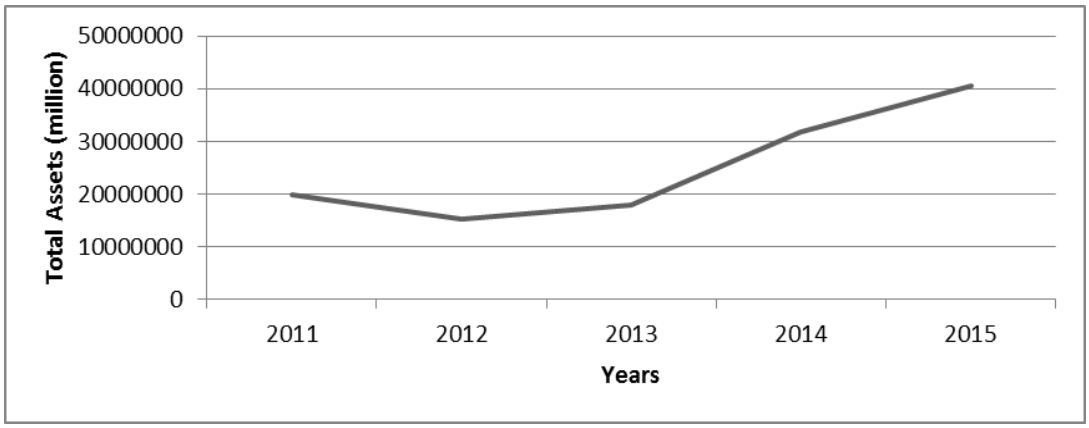

Figure 4.4: Trends in Total Assets of Listed Non-Financial Firms

4.5.3 Trends in Tobin's Q of Listed Non-Financial Firms

The study assessed the trend in Tobin's Q which is measure of a market value of the firms. The results revealed that there has been a decrease in market value of the listed non-financial firms in Kenya as shown in figure 4.5.

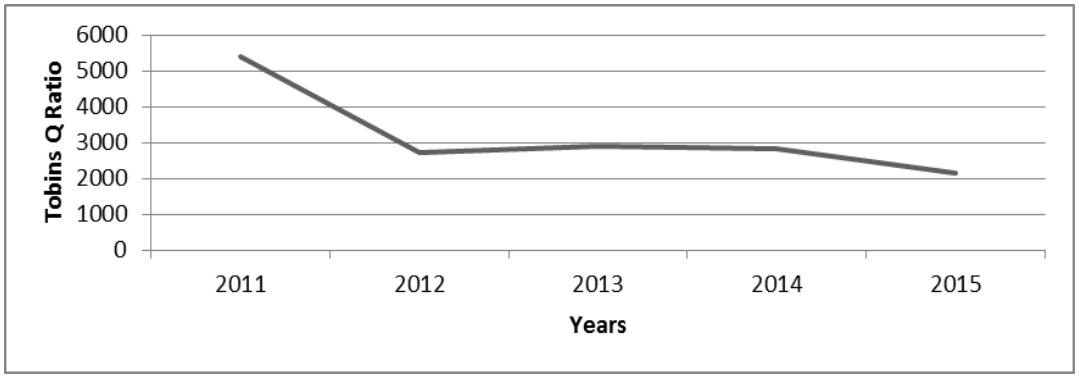

Figure 4.5: Trends in Tobin's Q of Listed Non-Financial Firms

4.6 Descriptive Analysis Results

4.6.1 Descriptive Statistics for Value Added Statement disclosure

This section provides descriptive results on how respondents responded to the statement in the questionnaire. The study sought to establish whether the non-financial firms listed in in the Nairobi Securities Exchange disclosed value added statements to their stakeholders. Value added statement does not have a standard way of presentation but it has some common components like; turnover, bought in materials and services, employees' benefits, providers of capital among others.

The study sought to find out if the non-financial firms listed in in the Nairobi Securities Exchange disclosed annual turnover statements to their stakeholders. The study used descriptive statistics mainly frequencies and percentages in the analysis. The findings indicated that 88.6% of the respondents agreed that their firms disclosed their annual turnover statements to all its stakeholders. 4.5% of the respondents were neutral while 6.8% disagreed. These findings imply that majority of the non-financial

firms listed in NSE disclosed their turnover statements to their stakeholders. This is in agreement with the findings of Hooks *et al.* (2002) in their study on information gap in annual reports. They emphasized that though voluntary, breakdown of sales revenue by segment is very important to stakeholders.

The study further sought to establish if non-financial firms listed in NSE disclosed their bought in material and services to all their stakeholders. The results indicated that slightly close to 45% of the respondents indicated that they did not disclose bought in material and services to all their stakeholders. Those who indicated that they disclosed bought in material and services to all their stakeholders were 38.6% while the rest were neutral in regard to disclosure of bought in material and services to all their stakeholders. This finding coincides with that one of Ianniello (2010) in his study on voluntary disclosure of the value added statement in annual reports of Italian listed firms. The researcher found out that very few firms disclosed bought in materials and services in their annual reports.

The study further sought to establish if the non-financial firms listed in NSE disclosed statements on employees' wages and benefits to all the firm's stakeholders. The results indicated that 41% of the respondents indicated that they did not disclose information on wages and benefits of their employees to the stakeholders while 36.4% of the respondents indicated that they disclosed this information to stakeholders. These findings imply that majority of the company's management did not disclose information regarding to employees' wages and benefits to stakeholders. This was in agreement with a study carried out by Day and Woodward (2004) on disclosure of information about employees in the director's report of UK published financial statements. They established that very few firms disclosed information regarding employees to the stakeholders.

The study also asked the respondents whether they disclosed information on providers of capital to stakeholders. Dividends and interest payables is among the information that should be contained in the value added statements of the firms. The findings showed that a combined 100% strongly agreed and agreed that firms

disclosed dividends and interest payables to stakeholders. This finding was in consonance with the results of a study conducted by Cascino *et al.* (2014). In their study on "who uses financial reports and for what purpose? Evidence from capital providers", they found out that there was provision of information on providers of capital in annual reports.

The study further asked the respondents whether they disclosed annual tax payable to stakeholders. Annual tax payable is also among the information that should be contained in the value added statements of the firms. The findings showed that 100 % strongly agreed and agreed that they disclosed Annual tax payable to stakeholders. The respondents were asked on the opinion on whether value added statement disclosure had a significant effect on the market performance of non-financial firms listed in the NSE. The descriptive results showed that 47.7% and 34.1% of the respondents agreed and strongly agreed that value added statement disclosure had a significant effect on the market performance of non-financial firms listed in NSE. The mean of 3.91 further indicated that majority of the respondents agreed that value added statement disclosure significantly affects firm's value. Furthermore the standard deviation of 1.24 suggests that there is no wide dispersion in respondents' opinions as regards the influence of the factors under value added statement on market performance. These findings concur with Haller *et al.* (2014) who showed evidence of existence of significant association between the firm value and value added statement disclosure.

Table 4.10: Descriptive Statistics for Value Added Statement disclosure

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
Our company discloses its annual turnover statement to all its stakeholders	4.5%	2.3%	4.5%	47.7%	40.9%	4.18	0.97;
Our company discloses its Bought in materials & services to all its stakeholders	15.9%	29.5%	15.9%	15.9%	22.7%	3.00	1.43
Our company discloses its Employees' wages and benefits to all its stakeholders	20.5%	20.5%	22.7%	27.3%	9.1%	2.84	1.29
Our company discloses its dividends and interests payables to all its stakeholders	0.0%	0.0%	0.0%	77.3%	22.7%	2.84	1.51
Our company discloses its annual tax payable to all its stakeholders	0.0%	0.0%	0.0%	51.8%	48.2%	3.34	1.29
value added statement disclosure have a significant effect on market performance of non-financial firms listed	11.4%	2.3%	4.5%	47.7%	34.1%	3.91	1.24

4.6.2 Descriptive Results for Forward-Looking Information Disclosure

The study sought to establish whether non-financial firms listed in NSE disclosed their future prospects, short term targets, long term targets, profit warnings and forecasted financial statements. The results showed that 29.5% and 13.6% of the respondents strongly agreed and agreed respectively that they disclosed forecasted financial statements to all their stakeholders. On the other hand, 18.2% and 15.9% of the respondents strongly disagreed and disagreed respectively that they disclosed forecasted financial statements to all their stakeholders while the remaining were neutral. The findings imply that listed non-financial firms in Kenya disclose their forecasted financial statements. This is consistent with a study conducted by Walker

et al. (2001) on corporate financial disclosure and analyst forecasting activity. They found a positive association between analyst forecasts and firm value.

The study further sought to find out if the listed non-financial firms disclosed their short term targets to stakeholders. Similarly their responses were measured on likert scale ranging from strongly disagreed to strongly agree. The results showed that 18.2% and 9.1% of the respondents strongly agreed and agreed respectively that they disclosed short term targets to all their stakeholders. On the other hand, 18.2% and 15.9% of the respondents strongly disagreed and disagreed respectively that they disclosed short term targets to all their stakeholders while 38.6% of the respondents were neutral. Similarly these findings implied that a significant percent of the listed non-financial firms in Kenya disclosed their short term targets.

The study further sought to find out if the non-financial firms listed in in the Nairobi Securities Exchange disclosed long term targets to their stakeholders. The study used descriptive statistics mainly frequencies and percentages in the analysis. The results indicated that 31.8% and 13.6% of the respondents strongly disagreed and disagreed respectively that they disclosed long term targets to all their stakeholders while 20.5% and 11.4% of the respondents strongly agreed and agreed respectively that they disclosed long term targets to all their stakeholders.

The study sought to find out if the listed non-financial firms disclosed their profit warnings disclosure to stakeholders. The results indicated that 25% and 18.2% of the respondents strongly disagreed and disagreed respectively that they disclosed profit warnings to all their stakeholders while 22.7% and 11.4% of the respondents strongly agreed and agreed respectively that they disclosed profit warnings to all their stakeholders. The respondents who were neutral were 22.7%. These findings imply not all the non-financial firms listed in NSE disclosed their profits warnings to stakeholders. A similar study was carried out by Naliaka (2014) on effects of profit warning on stock prices on firms listed in NSE and found that profit warnings have a negative effect on the stock prices.

Finally, the study sought to find out whether listed non-financial firms disclosed their future prospects and risks to stakeholders. The results indicated that 25% and 15.9% of the respondents strongly disagreed and disagreed respectively that they disclosed future prospects to all their stakeholders while 18.2% and 15.9% of the respondents strongly agreed and agreed respectively that they disclosed future prospects to all their stakeholders. The respondents who were neutral were 25%. These findings imply not all the non-financial firms listed in NSE disclosed their future prospects and risks to stakeholders. This is in agreement with a study carried out by Linsley and Shrives (2006) on risk disclosure in annual reports of UK. They found that annual reports do provide some risk disclosure but not adequate and comprehensive for the shareholders to understand.

The respondents were asked on the opinion on whether Forward-Looking Information Disclosure had a significant effect on the market performance of non-financial firms listed in the NSE. 86.4% of the respondents agreed that there was a significant effect of forward- looking information on firm value of non- financial listed in NSE. The statement had a mean of 4.14 which indicated that majority of the respondents agreed and strongly agreed with the statement. The standard deviation of 1.03 further indicated that the responses varied slightly from the mean. The findings of this study concur with Penman (1984) who noted that financial forecasts by management would be beneficial to financial statement users, although the actual benefit is difficult to measure.

Table 4.11: Descriptive Statistics for Forward-Looking Information Disclosure

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
The company discloses its Forecasted financial statements to all stakeholders	18.2%	15.9%	22.7%	29.5%	13.6%	3.05	1.33
The company discloses its short term targets to all stakeholders	18.2%	15.9%	38.6%	9.1%	18.2%	2.93	1.32
The company discloses its long term targets to all stakeholders	31.8%	13.6%	22.7%	11.4%	20.5%	2.75	1.53
Our company issues profit warnings to all stakeholders	25.0%	18.2%	22.7%	11.4%	22.7%	2.89	1.50
Our company discloses its future prospects to all stakeholders	25.0%	15.9%	25.0%	15.9%	18.2%	2.86	1.44
Forward-looking information disclosure have a significant effect on market performance of non-financial firms listed	4.5%	4.5%	4.5%	45.5%	40.9%	4.14	1.03

4.6.3 Descriptive Statistics for human resource accounting information disclosure

The study asked the respondents whether they disclosed number of experts hired**,** profits generated by experts, total number of staff, employees qualifications and cost of human resources. The results indicated that 20.5% and 15.9% of the respondents strongly disagreed and disagreed respectively that they disclosed number of experts hired to all their stakeholders while 20.5% and 25% of the respondents strongly agreed and agreed respectively that they disclosed number of experts hired to all their stakeholders. The respondents who were neutral were 18.2%. The study further sought to find out whether listed non-financial firms disclosed profits generated by experts. The findings revealed that 22.7% and 13.6% of the respondents agreed and strongly agreed that they disclosed profits generated by experts while 13.6% and

18.2% of the respondents strongly disagreed and disagreed that they disclosed the profits generated by experts. The findings imply that not all listed non-financial firms disclosed profits generated by experts.

The study further sought to find out whether listed non-financial firms disclosed total number of staff. The findings revealed that 36.4% and 11.4% of the respondents agreed and strongly agreed that they disclosed total number of staff while 20.5% and 13.6% of the respondents strongly disagreed and disagreed that they disclosed the total number of staff. The findings imply that not all listed non-financial firms disclosed total number of staff.

The study sought to find out if the non-financial firms listed in in the Nairobi Securities Exchange disclosed employees qualifications to their stakeholders. The study used descriptive statistics mainly frequencies and percentages in the analysis. The results indicated that 27.3% and 20.5% of the respondents strongly agreed and agreed respectively that they disclosed employees' qualifications to all their stakeholders while 11.4% and 18.2% of the respondents strongly disagreed and disagreed respectively that they disclosed employees' qualifications to all their stakeholders. The respondents who were neutral were 22.7%. These findings imply not all the non-financial firms listed in NSE disclosed their employees' qualifications to stakeholders.

The study sought to find out if the non-financial firms listed in the Nairobi Securities Exchange disclosed cost of human resources to their stakeholders. The study used descriptive statistics mainly frequencies and percentages in the analysis. The results indicated that 18.2% and 25% of the respondents strongly disagreed and disagreed respectively that they disclosed cost of human resources to all their stakeholders while 18.2% and 20.5% of the respondents strongly agreed and agreed respectively that they disclosed cost of human resources to all their stakeholders. The respondents who were neutral were 18.2%. These findings imply not all the non-financial firms listed in NSE disclosed their cost of human resources to stakeholders.

The study further sought to establish the effect of human resource accounting information disclosure on market performance of non-financial firms listed in NSE. The descriptive results showed that 43.2% and 31.8% of the respondents strongly agreed and agreed that human resource accounting information disclosure had a significant effect on the market performance of non-financial firms listed in NSE. Karimi (2012) also conducted a research on relationship between human capital accounting and business performance in the pharmaceutical firms in Kenya. Local pharmaceutical firms were studied and the finding showed that human capital disclosure influenced business performance. Mean of 3.91 implies that majority of the respondents were in agreement that the factors listed under human resources accounting disclosures influence firm value. Furthermore the standard deviation of 1.31 implied that there is no wide dispersion in the responses of the various factors of human resources accounting disclosure.

Table 4.12: Descriptive Statistics for human resource accounting information disclosure

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
The company discloses the number of experts its hires to all stakeholders	20.5%	15.9%	18.2%	25.0%	20.5%	3.09	1.44
The company discloses profits generated per experts to all stakeholders	13.6%	18.2%	31.8%	22.7%	13.6%	3.05	1.24
Our company discloses its total number of staff to all its stakeholders	20.5%	13.6%	18.2%	36.4%	11.4%	3.05	1.35
Our company discloses every employees qualifications to all stakeholders	11.4%	18.2%	22.7%	27.3%	20.5%	3.27	1.30
Our company discloses the cost of human resources to all stakeholders	18.2%	25.0%	18.2%	20.5%	18.2%	2.95	1.40
Human Resource Accounting Information disclosure have a significant effect on market performance of non-financial firms listed	9.1%	9.1%	6.8%	31.8%	43.2%	3.91	1.31

4.6.4 Descriptive Statistics of Social Accounting Information Disclosure

The study asked the respondents to indicate whether their companies disclosed environmental accounting, corporate social responsibility costs, and cost of community involvement programs, fair business practices and finally social and environmental performance. The study used frequencies and percentages in the analysis. The study sought to find out whether the listed non-financial firms disclosed environmental accounting to stakeholders. The results indicated that over

45% of the respondents agreed that their firms disclosed environmental accounting while slightly below 30% of the respondents indicated that their firms did not disclose environmental accounting to stakeholders. Exactly 25% were neutral in regard to environmental accounting disclosure. The findings imply that majority of the listed non-financial firms disclosed environmental accounting to stakeholders. This is supported by a study carried out by O'Donovan (2002) on environmental disclosures in the annual report. The researcher found the support for legitimacy theory as an explanatory factor for environmental information disclosure by firms.

The study further sought to establish whether listed non-financial firms disclosed corporate social responsibility costs to stakeholders. The findings revealed that 15.9% and 25% of the respondents agreed and strongly agreed that they disclosed corporate social responsibility costs while 13.6% and 20.5% of the respondents strongly disagreed and disagreed that they disclosed the corporate social responsibility costs. The findings imply that not all listed non-financial firms disclosed corporate social responsibility costs.

The study sought to find out whether the listed non-financial firms disclosed cost of community involvement programs to stakeholders. The findings revealed that 22.7% and 20.5% of the respondents agreed and strongly agreed that they disclosed cost of community involvement programs while 15.9% and 20.5% of the respondents strongly disagreed and disagreed that they disclosed the corporate social responsibility costs. The findings imply that not all listed non-financial firms disclosed cost of community involvement programs.

The study sought to find out whether the listed non-financial firms disclosed fair business practices to stakeholders. The findings revealed that 22.7% and 15.9% of the respondents strongly agreed and agreed that they disclosed fair business practices while 18.2% and 27.3% of the respondents strongly disagreed and disagreed that they disclosed the fair business practices. The findings imply that not all listed non-financial firms disclosed fair business practices.

The study also sought to establish whether listed non-financial firms disclosed their social and environmental performance to their stakeholders. The study findings revealed that 15.9% and 20.5% of the respondents strongly agreed and agreed that they disclosed social and environmental performance while 13.6% and 25% of the respondents strongly disagreed and disagreed that they disclosed the social and environmental performance. The findings imply that not all listed non-financial firms disclosed social and environmental performance.

The respondents were asked on the opinion on whether Social accounting Disclosure had a significant effect on the market performance of non-financial firms listed in the NSE. The descriptive results showed that 40.9% and 38.6% of the respondents agreed and strongly agreed that social accounting information disclosure had a significant effect on the market performance of non-financial firms listed in NSE. Similarly, Schaltegger (2000) argued that Environment Accounting helps in accurate assessment of costs and benefits of environmental preservation measures of companies. Also, Orlitzky *et al.* (2003) found a significant association between corporate social disclosure and financial performance. The mean of 3.98 implied that majority of the respondents were in agreement that the factors listed under social accounting disclosure influence firm value. The standard deviation of 1.19 suggests that there are no much differences in the respondents' opinion in respect to all factors under social accounting disclosure.

Table 4.13: Descriptive Statistics of social accounting information disclosure

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
The company discloses environmental accounting information to all stakeholders	20.5%	9.1%	25.0%	25.0%	20.5%	3.16	1.41
The company discloses its corporate social responsibility costs to all stakeholders	13.6%	20.5%	25.0%	25.0%	15.9%	3.09	1.29
Our company discloses the cost of community involvement programs to all stakeholders	15.9%	20.5%	20.5%	22.7%	20.5%	3.11	1.38
Our company discloses its fair business practices to all stakeholders	18.2%	27.3%	15.9%	15.9%	22.7%	2.98	1.45
Our company discloses its social and environmental performance to all stakeholders	13.6%	25.0%	25.0%	20.5%	15.9%	3.00	1.29
Social-accounting information disclosure have a significant effect on market performance of non-financial firms listed	9.1%	2.3%	9.1%	40.9%	38.6%	3.98	1.19

4.6.5 Descriptive Statistics of management discussions & analysis disclosure

The study sought to find out whether listed non-financial firms disclosed contingent commitments, contingent liabilities, contractual obligations, business risk information to their stakeholders. The study employed descriptive statistics mainly frequencies and percentages. The study asked the respondents whether their respective firms disclosed business risk information to their stakeholders. The

respondents were expected to respond based on the Likert scale ranging from strongly disagree to strongly agree. The study findings revealed that 22.7% and 29.5% of the respondents strongly disagreed and disagreed that they disclosed business risk information to their stakeholders while 13.6% and 20.5% of the respondents strongly agreed and agreed that they disclosed business risk information to their stakeholders. The findings imply that not all listed non-financial firms disclosed business risk information to their stakeholders. This coincides with a study conducted by Amran *et al.* (2008) on risk reporting in annual reports of Malaysian companies. The finding was that risk information disclosure by the sampled Malaysian companies was very minimal.

The study also asked the respondents whether their respective firms disclosed contractual obligations to their stakeholders. The respondents were expected to respond based on the Likert scale ranging from strongly disagree to strongly agree. The study findings showed that 22.7% and 20.5% of the respondents strongly disagreed and disagreed that they disclosed contractual obligations to their stakeholders while 15.9% and 9.1% of the respondents strongly agreed and agreed that they disclosed contractual obligations to their stakeholders. There is some semblance with a study carried out by Lee (2010) on purchase obligation, earnings persistence and stock returns. The researcher's finding was that the disclosure of contractual obligations is useful for predicting firm performance.

The study aimed to find whether the listed non-financial firms disclosed contingent liabilities to their stakeholders. The respondents were required to give their opinions on likert scale ranging from strongly disagree to strongly agree. The findings revealed that 22.7% of the respondents agreed that they disclosed contingent liabilities. Those who strongly agreed were 20.5% of the respondents. On the other hand, 20.5% disagreed and 11.4% strongly disagreed that their firms disclosed contingent liabilities. The findings imply that significant percent of the listed non-financial disclosed their contingent liabilities. This is consistent with a study carried out by Hennes (2008) on reporting of contingent legal liabilities. The finding was

that a great number of companies disclosed contingent liabilities in managing discussions and analysis report.

The study finally aimed to find whether the listed non-financial firms disclosed contingent commitments to their stakeholders. The findings also revealed that 20.5% of the respondents agreed that they disclosed contingent commitments. Those who strongly agreed were 11.4% of the respondents. The result also showed that 22.7% disagreed and 15.9% strongly disagreed that their firms disclosed contingent commitments. The findings imply that significant percent of the listed non-financial firms disclosed their contingent commitments. The respondents were asked on the opinion on whether management discussions and analysis disclosure had a significant effect on the market performance of non-financial firms listed in the NSE. The descriptive results showed that 81.1% of the respondents agreed and strongly agreed that management discussions & analysis disclosure had a significant effect on the market performance of non-financial firms listed in NSE. The mean of 4 suggests that most respondents agreed on the effect of MD&A on market performance. The findings of this study concurs with Kribat *et al.* (2013) who found that financial performance is significant and positively associated with the level of management discussions and analysis disclosure.

Table 4.14: Descriptive Statistics of management discussions & analysis disclosure

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
The company discloses business risk information to all stakeholders	22.7%	29.5%	13.6%	20.5%	13.6%	2.73	1.39
Our company discloses contractual obligations to all stakeholders	22.7%	20.5%	31.8%	9.1%	15.9%	2.75	1.35
Our company discloses its Contingent Liabilities to all stakeholders	11.4%	20.5%	25.0%	22.7%	20.5%	3.20	1.30
Our company discloses Contingent Commitments to all stakeholders	15.9%	22.7%	29.5%	20.5%	11.4%	2.89	1.24
Management discussions & analysis disclosure have a significant effect on market performance of non-financial firms listed	6.8%	9.1%	2.3%	40.9%	40.9%	4.00	1.20

4.6.6 Descriptive Statistics of Corporate governance attributes

This section aimed to find out the influence of corporate governance attributes on the effect of voluntary accounting disclosures on market performance of non-financial firms listed in NSE.

The study aimed to establish the influence of corporate governance attributes on the voluntary disclosure in annual reports. The results showed that 20.5% of the respondents disagreed that corporate governance attributes have influence on voluntary disclosure. Exactly 18.2% strongly disagreed, Neutral 27.3%, agree, 15.9% and finally strongly agree were 18.2%. The results showed that 34.1% of the respondents disagreed that audit committee plays a significant role in influencing voluntary disclosures in annual reports. Exactly 18.2% strongly disagreed, Neutral 15.9%, agree, 11.4% and finally strongly agree were 20.5%. The study intended to

find out whether proportion of non-executive directors on the board was associated with the extent of voluntary disclosure in annual reports. The findings showed that 25.0% of the respondents strongly disagreed, 13.6% disagreed, 11.4% were neutral, 27.3% agreed and 22.7% strongly agreed. The study further intended to establish whether board composition has an impact on the level of voluntary disclosures in the annual reports. The results showed that 27.3% of the respondents disagreed, 22.7% disagreed, 20.5% were neutral, 13.6% agreed and finally 15.9% strongly agreed. The findings implied that majority of respondents felt that board composition did not impact on the level of voluntary disclosure in the annual reports. This contradicted a study by Hossain (2008) who found that board composition had a significant and positive association with disclosure levels by listed banks in India.

The study further intended to establish whether board size influence voluntary disclosures in annual reports. The results showed that 54.5% of the respondents strongly agreed that board size influences voluntary disclosures in annual reports, 18.3% agreed, 13.6% strongly disagreed, 9.1% disagreed and finally 4.5% were neutral.

The study also sought to establish the moderating effect of corporate attributes on the effect of voluntary disclosures on market performance of non-financial firms listed in NSE. The descriptive results showed that 43.2% and 34.1% of the respondents agreed and strongly agreed that corporate attributes had a significant moderating effect on the voluntary accounting disclosures on market performance of non-financial firms listed in NSE. The findings supported the proposition held by Barako (2006) whose study on factors influencing voluntary corporate disclosure by Kenyan companies, found that corporate governance attributes influence voluntary disclosure. Rouf (2011) also examined the linkages between governance attributes and the extent of voluntary disclosure for 120 companies listed on the Dhaka Stock Exchange in 2007. Using ordinary least squares regression and an unweighted disclosure index, the study found that governance characteristics (board size, leadership and audit committees) positively influenced the level of voluntary disclosure.

Table 4.15: Corporate governance attributes Descriptive results

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean	Std Dev
Corporate governance attributes influence voluntary disclosure in annual reports	18.2%	20.5%	27.3%	15.9%	18.2%	2.95	1.36
Audit committee plays a significant role in influencing voluntary disclosures in annual reports	18.2%	34.1%	15.9%	11.4%	20.5%	2.82	1.42
Proportion of non-executive directors on the board is associated with the extent of voluntary disclosure in annual reports	25.0%	13.6%	11.4%	27.3%	22.7%	3.09	1.54
Board composition has an impact on the level of voluntary disclosures in the annual reports	27.3%	22.7%	20.5%	13.6%	15.9%	2.68	1.43
Board size influence voluntary disclosures in annual reports	13.6%	9.1%	4.5%	18.2%	54.5%	3.91	1.49
corporate governance attributes have moderating effect on the voluntary disclosures in the annual reports on market performance of non- financial firms listed in NSE	11.4%	4.5%	6.8%	43.2%	34.1%	3.84	1.27

4.7 Inferential Statistics

4.7.1 Pearson Correlation Results

According to Kothari (2014), the correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation,+1indicating a perfect positive correlation, and 0 indicating no correlation at all. A linearity test was conducted as

evidenced by the Pearson correlation coefficient. Kothari (2014) further stated that the importance of correlation is to determine the extent to which changes in the value of an attribute is associated with changes in another attribute.

4.7.2 Correlation Results for Value Added Statement and Tobin's Q

To ascertain the association between value added statement disclosure and firm value measured by Tobin's Q, the study carried out a Pearson's correlation test. According to Kothari (2014), the correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation,+1indicating a perfect positive correlation, and 0 indicating no correlation at all.

The results indicated that value added statement disclosure had a positive and significant correlation with firm value (r=0.575, p=0.000). The findings imply that increase in value added statement disclosure would result in increase in firm value measured using Tobin's Q.

These findings concur with Mendes-da–Silva *et al*. (2004) who conducted a study on the value added statement disclosure and the firm value across Latin America. The firm value was measured by Tobin's Q ratio. The study consisted of a cross-section based data from a group of 150 companies from Stock Exchange in Argentina, Brazil and Mexico in 2002. Multivariate analysis showed evidence of existence of significant association between the firm value and value added statement disclosure.

The results of correlations are provided in Table 4.16.

Table 4.16: Correlation Results for Value Added Statement and Tobin's Q

		Value Added Disclosure	TOBIN'S Q RATIO
Value Added Disclosure	Pearson Correlation	1	.575**
	Sig. (2-tailed)		.000
	N	44	44
TOBIN'S Q RATIO	Pearson Correlation	.575**	1
	Sig. (2-tailed)	.000	
	N	44	44

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

4.7.3 Correlation Results for forward-looking information disclosure and Tobin's Q

The correlation was conducted to test the strength of the association between forward-looking information disclosure and Tobin's Q. The findings indicated their existed a strong and significant association between forward-looking information disclosure and Tobin's Q ($r=0.301$, $p=0.047$). The finding concurs with Mathuva (2012) who conducted a research study on the determinants of forward looking information disclosures in interim reports for non-financial firms listed in NSE, Kenya. Data was collected from 91 firm-year observations between 2009 and 2011. The research found that cross listed firms are associated with lower FLDs compared with non-cross listed firms. Compared to "historical accounting information", "forward-looking information" refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance.

Table 4.17: Correlation Results for forward-looking information disclosure and Tobin's Q

		Forward Looking Disclosure	TOBIN'S Q RATIO
Forward Looking Disclosure	Pearson Correlation	1	.301*
	Sig. (2-tailed)		.047
	N	44	44
TOBIN'S Q RATIO	Pearson Correlation	.301*	1
	Sig. (2-tailed)	.047	
	N	44	44

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

4.7.4 Correlation Results for human resource accounting information disclosure and TOBIN'S Q

The correlation was conducted to test the strength of the association between human resource accounting information and Tobin's Q. The findings indicated their existed a strong and significant association between human resource accounting information disclosure and Tobin's Q ($r=0.606$, $p=0.000$). The findings of this study agreed with those of Starovic and Marr (2003) who eluded that identification, measurement and reporting information on intangibles are the major value drivers in the knowledge economy. Conventional accounting disregards the efforts of human resources towards the contribution of business performance. Okwy and Christopher (2010) further argued that if human capital is not accounted for and disclosed, the book value of its share and market value will deviate. Karimi (2012) also conducted a research on relationship between human capital accounting and business performance in the pharmaceutical firms in Kenya. Local pharmaceutical firms were studied and the finding showed that human capital disclosure influenced business performance.

Table 4.18: Correlation Results for Human Resource Accounting Disclosure and Tobin's Q

		Human Resource info Disclosure	TOBIN'S Q RATIO
Human Resource info Disclosure	Pearson Correlation	1	.606**
	Sig. (2-tailed)		.000
	N	44	44
TOBIN'S Q RATIO	Pearson Correlation	.606**	1
	Sig. (2-tailed)	.000	
	N	44	44

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

4.7.5 Correlation Results For social accounting information disclosure and Tobin's Q

The correlation was conducted to test the strength of the association between social accounting information disclosure and Tobin's Q. The findings indicated their existed a strong and significant association between social accounting information disclosure and Tobin's Q ($r=0.395$, $p=0.008$). The results imply that increase in social accounting information disclosure would result to increase in firm value of listed non-financial firms in Kenya.

The findings of this study concurs with Ponnu and Okoth (2009) who carried a study on CSR disclosures on listed firms in the NSE and found that companies in Kenya do have CSR disclosures in their annual reports and websites. Similarly, Schaltegger (2000) argued that Environment Accounting helps in accurate assessment of costs and benefits of environmental preservation measures of companies. Finally, Choi, Kwak and Choe (2010) observed that the relationship between corporate financial performance and corporate social and environmental disclosure is one of the most controversial issues yet to be solved.

Table 4.19: Correlation Results for Social Accounting Information Disclosure and Tobin's Q

		Social accounting info Disclosure	TOBIN'S Q RATIO
Social accounting info Disclosure	Pearson Correlation	1	.395**
	Sig. (2-tailed)		.008
	N	44	44
TOBIN'S Q RATIO	Pearson Correlation	.395**	1
	Sig. (2-tailed)	.008	
	N	44	44

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

4.7.6 Correlation Results Management Discussions & Analysis Disclosure and Tobin's Q

The correlation was conducted to test the strength of the association between management discussions and analysis disclosure and Tobin's Q. The findings indicated their existed a strong and significant association between management discussions & analysis disclosure and Tobin's Q ($r=0.544$, $p=0.000$). The results imply that increase in management discussions & analysis disclosure would result to increase in firm value of listed non-financial firms in Kenya.

The findings of this study concurs with Kribat *et al.* (2013) who examined the determinants of voluntary disclosure practices in the annual reports of 11 Libyan banks over the period 2002 to 2006. Using panel regression analysis and a disclosure score with 40 items, the study found that financial performance is significant and positively associated with the level of voluntary disclosure.

Table 4.20: Correlation Results for Management Discussions & Analysis Disclosure and Tobin's Q

		TOBIN'S Q RATIO	Managerial Analysis Disclosure
TOBIN'S Q RATIO	Pearson Correlation	1	.544**
	Sig. (2-tailed)		.000
	N	44	44
Managerial Analysis Disclosure	Pearson Correlation	.544**	1
	Sig. (2-tailed)	.000	
	N	44	44

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

4.7.7 Overall Correlation Results

The result of correlation result indicated that there was no multicollinearity among the study variables hence all the variables were admissible to be used in the regression model. Further the result showed that value added statements disclosure had a positive and significant association with firm value (r=0.575, p=0.000). The result also showed that forward looking disclosure had a positive and significant association with firm value (r=0.301, p=0.047). The association between human resource information disclosure and firm value was also positive and significant (r=0.606, p=0.000). Social accounting information disclosure (r=0.395, p=0.008) and management discussions and analysis disclosure (r=0.544, p=0.000) were also found to be positively and significantly correlated with firm value.

The findings of this study concur with those of Bryan (1996) who carried a study on determinants of voluntary disclosure by New Zealand life insurance companies. Empirical results of the study indicated that the level of information voluntarily disclosed by life insurance companies in their annual reports was positively associated with; firm size, product diversity and reliance on independent sales agents.

Similarly, Jullobol and Sartmool (2015) conducted a study on the effect of firm performance on voluntary disclosure in annual reports: a case study of technology industry in the stock exchange of Thailand. The study employed Random-effects Tobit Models of the listed firms in technology industry during 2009 to 2013 by using return on asset (ROA) and Tobin's Q as measurement index of performance. The result of the overall information disclosure showed significant effects of firm performance on voluntary disclosure.

Mendes-da–Silva *et al*. (2004) on their part conducted a study on the voluntary disclosure of financial information on the internet and the firm value across Latin America. The firm value was measured by Tobin's Q ratio. The study consisted of a cross-section based data from a group of 150 companies from Stock Exchange in Argentina, Brazil and Mexico in 2002. Multivariate analysis showed evidence of existence of significant association between the firm value and the voluntary disclosure of financial information.

Table 4.21: Overall Pearson Correlation Matrix

		Value Added Disclosure	Forward Looking Disclosure	Human Resource information Disclosure	Social accounting information Disclosure	Managerial Analysis Disclosure	Corporate Governance Attributes	TOBIN'S Q RATIO
Value Added Disclosure	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	44						
Forward Looking Disclosure	Pearson Correlation	.380*	1					
	Sig. (2-tailed)	0.011						
	N	44	44					
Human Resource information Disclosure	Pearson Correlation	.501**	0.056	1				
	Sig. (2-tailed)	0.001	0.718					
	N	44	44	44				
Social accounting information Disclosure	Pearson Correlation	0.265	-0.259	.531**	1			
	Sig. (2-tailed)	0.083	0.089	0				
	N	44	44	44	44			
Managerial Analysis Disclosure	Pearson Correlation	.465**	-0.127	.552**	.754**	1		
	Sig. (2-tailed)	0.001	0.41	0	0			
	N	44	44	44	44	44		
Corporate Governance Attributes	Pearson Correlation	.591**	0.069	.560**	0.19	.394**	1	
	Sig. (2-tailed)	0	0.656	0	0.216	0.008		
	N	44	44	44	44	44	44	
TOBIN'S Q RATIO	Pearson Correlation	.575**	.301*	.606**	.395**	.544**	.444**	1
	Sig. (2-tailed)	0	0.047	0	0.008	0	0.003	
	N	44	44	44	44	44	44	44

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

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

4.8 Regression Analysis Results

To further investigate the effect of voluntary accounting disclosures on market performance, the study employed a linear regression analysis. According to Kothari (2014), regression is the determination of a statistical relationship between two or more variables. In simple regression, there are two variables, one variable (defined as independent) is the cause of the behavior of another one (defined as dependent

variable). When there are two or more than two independent variables, the analysis concerning relationship is known as multiple regression and the equation describing such relationship as the multiple regression equation.

Kothari (2014) described ANOVA as a procedure for testing the difference among different groups of data for homogeneity. The essence of ANOVA is that the total amount of variation in a set of data is broken down into two types, that amount which can be attributed to chance and that amount which can be attributed to specified causes while F- test was also used in the context of the analysis of variance (ANOVA).

4.8.1 Univariate Regression Result for Value Added Statement Disclosure and Tobin's Q

The first objective of this study was to establish the effect of value added statement disclosure on market performance of non-financial firms listed in the Nairobi Securities Exchange. The value added statement that the study investigated include; annual turnover disclosure, bought in materials & services disclosure, employees' wages and benefits disclosure, dividends and interests payables disclosure and annual tax payable disclosure. To ascertain the nature of effect of Value Added Statement Disclosure on Tobin's Q, the study employed a linear regression analysis.

The results showed a relationship R= 0.575, indicates a strong positive association between Value Added Statement Disclosure and Tobin's Q. R-squared= 0.331 indicated that 33.1% of variation in the firm value can be explained by Value Added Statement Disclosure while the remaining percentage of 66.9% is explained by other variables not in the model.

Table 4.22: Model Summary for Value Added Statement and Tobin's Q

Model	1
R	.575a
R Square	0.331
Adjusted R Square	0.315
Std. Error of the Estimate	2455.818

a Predictors: (Constant), Value Added Disclosure Mean

F-test was carried out to test the null hypothesis that there is no significant effect of Value Added Statement Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 20.753 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is effect of Value Added Statement Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

Table 4.23: ANOVA Results for Value Added Statement and Tobin's Q

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	125162098.672	1	125162098.672	20.753	.000[b]
	Residual	253303851.578	42	6031044.085		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Value Added Disclosure Mean

To test the significance of the effect of Value Added Statement on Tobin's Q, the regression coefficients (β), the intercept (α), and the significance of all coefficients in the model were subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that, β (beta) = 0, meaning there is no significant effect of Value Added Statement disclosure on Tobin's Q as the slope β (beta) = 0.

The model **$Y = \beta_0 + \beta_1 X_1 + \varepsilon$** therefore became **TOBIN'S Q RATIO= 7441.78 +2573.266 (Value Added Statement Disclosure) +ε**. The results on the beta coefficient of the resulting model showed that the constant α = 7441.78 is significantly different from 0, since the p- value = 0.000 is less than 0.05. The coefficient β = 2573.266 is also significantly different from 0 with a p-value=0.000 which is less than 0.05. The results imply that a unit change in Value Added Statement disclosure will result in 2573.266 units change in firm value. This confirms that there is a significant positive effect of Value Added Statement disclosure on firm value of listed non-financial firms in Kenya.

These findings concur with Mendes-da–Silva *et al*. (2004) who conducted a study on the voluntary disclosure of financial information on the internet and the firm value across Latin America. The firm value was measured by Tobin's Q ratio. The study consisted of a cross-section based data from a group of 150 companies from Stock Exchange in Argentina, Brazil and Mexico in 2002. Multivariate analysis showed evidence of existence of significant association between the firm value and the voluntary disclosure of financial information

Table 4.24: Coefficient for Value Added Statement and Tobin's Q

	β_1	Std. Error	Beta	t	Sig.
(Constant)	7441.78	1935.734		3.844	0.000
Value Added Disclosure	2573.266	564.865	0.575	4.556	0.000

a Dependent Variable: TOBIN'S Q RATIO

4.8.2 Univariate Regression Results For forward-looking information disclosure and Tobin's Q

The second objective of this study aimed to test the effect of forward looking information disclosure on market performance of non-financial firms listed in NSE. The study employed both descriptive statistics and inferential statistics to ascertain this effect. To test the nature of effect of forward-looking information disclosure on Tobin's Q, the study employed a linear regression analysis. The results showed a relationship R= 0.301, indicates a strong positive association between forward-looking information disclosure and Tobin's Q. R-squared= 0.091 indicated that 9.1% of variation in the firm value can be explained by forward-looking information disclosure while the remaining percentage of 90.9% is explained by other variables not in the model.

Table 4.25: Model Summary for Forward-Looking Information Disclosure and Tobin's Q

Model	1
R	.301a
R Square	0.091
Adjusted R Square	0.069
Std. Error of the Estimate	2862.641

a Predictors: (Constant), Forward Looking Disclosure

F-test was carried out to test the null hypothesis that there is no significant effect of forward-looking information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 4.184 with a significance of p value = 0.047 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is effect of forward-looking information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

Table 4.26: ANOVA Results for Forward-Looking Information and Tobin's Q

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34288007.438	1	34288007.438	4.184	.047[b]
	Residual	344177942.812	42	8194712.924		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Forward Looking Disclosure

To test the significance of the effect of forward-looking information disclosure on Tobin's Q, the regression coefficients (β), was subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that, β (beta) = 0, meaning there is no significant effect of forward-looking information disclosure on Tobin's Q as the slope β (beta) = 0 .

The model $\mathbf{Y= \beta_{0+} \beta_2 X_2+\varepsilon}$ therefore became **TOBIN'S Q RATIO= 2069.8 +986.859 (Forward Looking Disclosure)+ε**. The coefficient β = 986.859 is also significantly different from 0 with a p-value=0.000 which is less than 0.047. The results imply that a unit change in forward-looking information disclosure will result in 986.859 units change in firm value. This confirms that there is a significant positive effect of forward-looking information disclosure on firm value of listed non-financial firms in Kenya. The findings of this study concur with Penman (1984) who noted that financial forecasts by management would be beneficial to financial statement users, although the actual benefit is difficult to measure. This difficulty in benefit measurement is due to the disclosure environment. The environment is one in which financial forecasts are voluntary and the vast majority of enterprises choose not to disclose financial forecasts.

Table 4.27: Coefficient for Forward-Looking Information Disclosure and Tobin's Q

	B	Std. Error	Beta	t	Sig.
(Constant)	2069.8	1662.236		1.245	0.22
Forward Looking Disclosure	986.859	482.448	0.301	2.046	0.047

a Dependent Variable: TOBIN'S Q RATIO

4.8.3 Univariate Regression Analysis for Human Resource Accounting Disclosure and Tobin's Q

The study sought to establish the effect of human resource accounting information disclosure on market performance of non-financial firms listed in NSE. The study employed both descriptive statistics and inferential statistics to ascertain this effect. To ascertain the nature of the effect of human resource accounting information disclosure on Tobin's Q, the study employed a linear regression analysis.

The results showed a relationship R= 0.606, indicates a strong positive association between Human Resource Accounting Disclosure and Tobin's Q. R-squared= 0.368 indicated that 36.8% of variation in the firm value can be explained by Human Resource Accounting Disclosure while the remaining percentage of 63.2% is explained by other variables not in the model.

Table 4.28: Model Summary for Human Resource Accounting Disclosure and Tobin's Q

Model	1
R	.606a
R Square	0.368
Adjusted R Square	0.353
Std. Error of the Estimate	2387.01

a Predictors: (Constant), Human Resource info Disclosure

F-test was carried out to test the null hypothesis that there is no significant effect of human resource accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

The results of ANOVA test show that the F value is 24.423 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of Human Resource Accounting Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

Table 4.29: ANOVA Results for Human Resource Accounting Disclosure and Tobin's Q

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	139157594.923	1	139157594.923	24.423	.000[b]
	Residual	239308355.327	42	5697817.984		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Human Resource info Disclosure

To test the significance of the effect of human resource accounting information disclosure on Tobin's Q, the regression coefficients (β), was subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that, β (beta) = 0, meaning there is no significant effect of human resource accounting information disclosure on Tobin's Q as the slope β (beta) = 0 .

The model $\mathbf{Y= \beta_{0+} \beta_3 X_3 + \varepsilon}$ therefore became **TOBIN'S Q RATIO= 7770.94+2860.538 (Human Resource Accounting information Disclosure)+ε**. The coefficient β = 2860.538 was significantly different from 0 with a p-value=0.000 which is less than 0.05. The results imply that a unit change in Human Resource Accounting Disclosure will result in 2860.538 units change in firm value. This confirms that there is a significant positive linear effect of Human Resource Accounting Disclosure on firm value of listed non-financial firms in Kenya.

Table 4.30: Coefficient for Human Resource Accounting Disclosure and Tobin's Q

	B	Std. Error	Beta	t	Sig.
(Constant)	7770.94	1853.314		4.193	0
Human Resource Accounting Disclosure	2860.538	578.827	0.606	4.942	0

a Dependent Variable: TOBIN'S Q RATIO

4.8.4 Univariate Regression Results For social accounting information disclosure and Tobin's Q

The fourth objective of this study was to establish the effect of social accounting information disclosure on market performance of non-financial firms listed in NSE. The study employed a linear regression analysis.to ascertain the nature of the effect of social accounting information disclosure on market performance of listed non-financial firms in Kenya. The results showed a relationship R= 0.395, indicates a strong positive association between social accounting information disclosure and Tobin's Q. R-squared= 0.156 indicated that 15.6% of variation in the firm value can be explained by social accounting information disclosure while the remaining percentage of 84.4% is explained by other variables not in the model.

Table 4.31: Model Summary for social accounting information Disclosure and Tobin's Q

Model	1
R	.395a
R Square	0.156
Adjusted R Square	0.136
Std. Error of the Estimate	2757.859

a Predictors: (Constant), Social accounting info Disclosure

F-test was carried out to test the null hypothesis that there is no significant effect of social accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

The results of ANOVA test show that the F value is 7.760 with a significance of p value = 0.008 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of social accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

Table 4.32: ANOVA Results for Social Accounting Information Disclosure and Tobin's Q

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59022990.004	1	59022990.004	7.760	.008[b]
	Residual	319442960.246	42	7605784.768		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Social accounting info Disclosure

To test the significance of the effect of social accounting information disclosure on Tobin's Q, the regression coefficients (β), was subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that, β (beta) = 0, meaning there is no significant effect of social accounting information disclosure on Tobin's Q as the slope β (beta) = 0.

The model $\mathbf{Y= \beta_{0+} \beta_4 X_4 + \varepsilon}$ therefore became **TOBIN'S Q RATIO= 4054.08+1699.3** (**Social Accounting Information Disclosure**)+ε.

The coefficient β = 1699.3 was significantly different from 0 with a p-value=0.008 which is less than 0.05. The results imply that a unit change in social accounting information disclosure will result in 1699.3 units change in firm value. This confirms that there is a significant positive linear effect of social accounting information disclosure on firm value of listed non-financial firms in Kenya.

The findings of this study concur with those of Choi e t al., (2010) who found a positive relationship between profitability level of a company and corporate social and environmental disclosure. However, Patten (2002) failed to find any significant positive relationship between profitability and corporate social and environmental disclosure. Iyoha (2010) on the other hand argued that the concern of organizations in Nigeria is profit making and dividend payment and as such lesser attention is given to environmental matters.

Table 4.33: Coefficient for Social Accounting Information Disclosure and Tobin's Q

	B	Std. Error	Beta	t	Sig.
(Constant)	4054.08	1936.174		2.094	0.042
Social accounting info Disclosure	1699.3	610.002	0.395	2.786	0.008

a Dependent Variable: TOBIN'S Q RATIO

4.8.5 Univariate Regression Results for Management Discussions & Analysis Disclosure and Tobin's Q

This study further sought to establish the effect of management discussions and analysis disclosure on market performance of non-financial firms listed in NSE. The study employed both descriptive and inferential statistics to ascertain the effect of management discussions and analysis disclosure on market performance of non-financial firms. Univariate ordinary least squares regression analysis was employed to ascertain the effect of management discussions and analysis disclosure on market performance of listed non-financial firms in Kenya.

The results showed a relationship R= 0.544, indicates a strong positive association between management discussions and analysis disclosure and Tobin's Q. R-squared= 0.296 indicated that 29.6% of variation in the firm value can be explained by

management discussions and analysis disclosure while the remaining percentage of 70.4% is explained by other variables not in the model.

Table 4.34: Model Summary for Management Discussions and Analysis Disclosure and Tobin's Q

Model	1
R	.544a
R Square	0.296
Adjusted R Square	0.279
Std. Error of the Estimate	2519.256

a Predictors: (Constant), Managerial Analysis Disclosure

F-test was carried out to test the null hypothesis that there is no significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 17.632 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

Table 4.35: ANOVA Results for Management Discussions and Analysis Disclosure and Tobin's Q

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111906561.132	1	111906561.132	17.632	.000[b]
	Residual	266559389.118	42	6346652.122		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Management Discussions & Analysis Disclosure

To test the significance of the effect of management discussions and analysis information disclosure on Tobin's Q, the regression coefficients (β), was subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that, β (beta) = 0, meaning there is no significant effect of management discussions and analysis information disclosure on Tobin's Q as the slope β (beta) = 0.The model $\mathbf{Y= \beta_{0+} \beta_5 X_5+\varepsilon}$ therefore became **TOBIN'S Q RATIO= 6439.056+2602.19** (**Management Discussions and Analysis Disclosure**)**+ε**.

The coefficient β = 2602.191 was significantly different from 0 with a p-value = 0.000 which is less than 0.05. The results imply that a unit change in management discussions and analysis disclosure will result in 2602.191 units change in firm value. This confirms that there is a significant positive linear effect of management discussions and analysis disclosure on firm value of listed non-financial firms in Kenya. The finding of this study concurs with a study by Qu, (2011) on Voluntary disclosure by listed firms in China that showed that voluntary disclosure made by listed firms in the Chinese stock market increased. Qu further found that firms positively reacted to changed corporate disclosure environment in China. The findings contradict Haggard, Martin and Periera (2008) who investigated whether voluntary disclosures improve stock price in formativeness. The objective of the study was to find the relationship between stock price and voluntary disclosure. Disclosure in this case was measured using the annual reviews of corporate reporting practices. The findings were that there exist a negative relationship between stock prices and voluntary disclosure.

Table 4.36: Coefficient for Managerial Discussions and Analysis Disclosure and Tobin's Q

	B	Std. Error	Beta	t	Sig.
(Constant)	6439.056	1861.643		3.459	0.001
Managerial Analysis Disclosure	2602.191	619.703	0.544	4.199	0.000

a Dependent Variable: TOBIN'S Q RATIO

4.8.6 Multivariate Correlation and Regression results

A multivariate correlation model was conducted to test the joint relationship of all the independent variable and dependent variable. The result showed that jointly value added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions & analysis disclosure had a significant association with firm value (R=0.740).

The results further revealed that value added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure, jointly accounted for 54.7% of the variation in firm value or market performance measured by Tobin's Q of the listed non-financial firms in Kenya.

Table 4.37: Overall Model Summary

Model	1
R	.740a
R Square	0.547
Adjusted R Square	0.488
Std. Error of the Estimate	2123.633

a Predictors: (Constant), Managerial Analysis Disclosure, Forward Looking Disclosure, Human Resource info Disclosure, Value Added Statement Disclosure, Social accounting info Disclosure

The results of ANOVA indicate that value added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions & analysis disclosure were significant predictor variables of market performance of listed non-financial firms in Kenya. This is indicated by the F-statistics results (F=9.184, p=0.000) indicating that the model used to link the independent variables and dependent variable was statistically significant.

Table 4.38: Overall ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	207092861.140	5	41418572.228	9.184	.000[b]
	Residual	171373089.110	38	4509818.134		
	Total	378465950.250	43			

a. Dependent Variable: TOBIN'S Q RATIO

b. Predictors: (Constant), Managerial Analysis Disclosure, Forward Looking Disclosure, Human Resource info Disclosure, Value Added Disclosure, Social accounting info Disclosure

In the multivariate regression model, value added statements disclosure, social accounting information disclosure and management discussions and analysis disclosure were found to have a positive but insignificant effect on market performance of listed non-financial firms in Kenya because the p-value was greater than 0.05. Forward-looking information disclosure and human resource accounting information disclosure were found to have a positive significant effect on market performance of listed non-financial firms in Kenya.

The multivariate equation $Y= \beta_{0+} \beta_1 X_{1+} \beta_2 X_{2+} \beta_3 X_{3+} \beta_4 X_{4+} \beta_5 X_5+\varepsilon$ hence became ***Tobin's Q*** =13523.9+ 713.993 **(***Value Added statement Disclosure***)** + 862.869 **(***Forward Looking info Disclosure***)** + 1582.573 **(***Human Resource accounting info Disclosure***)** + 30.539 **(***Social accounting info Disclosure***)** + 1496.017 **(***Management Discussions& Analysis Disclosure***)** +ε

The equation above implies that unit increase in value added statement disclosure will result to 713.993 units increase in Tobin's Q. The equation further showed that unit increase in forward looking disclosure will cause a positive change of 862.869 units in firm market performance. The result also implied that a unit change in human resource information, social accounting information disclosure, management discussions and analysis disclosure will cause a positive change of 1582.573, 30.539, and 1496.017 units respectively in firm market performance.

These findings concur with Mendes-da–Silva *et al.* (2004) who conducted a study on the voluntary disclosure of financial information on the internet and the firm value across Latin America. The firm value was measured by Tobin's Q ratio. The study consisted of a cross-section based data from a group of 150 companies from Stock Exchange in Argentina, Brazil and Mexico in 2002. Multivariate analysis showed evidence of existence of significant association between the firm value and the voluntary disclosure of financial information.

The findings of this study concur with those of Bryan (1996) who carried a study on determinants of voluntary disclosure by New Zealand life insurance companies. Empirical results of the study indicated that the level of information voluntarily disclosed by life insurance companies in their annual reports was positively associated with; firm size, product diversity and reliance on independent sales agents.

Similarly, Jullobol and Sartmool (2015) conducted a study on the effect of firm performance on voluntary disclosure in annual reports: a case study of technology industry in the stock exchange of Thailand. The study employed Random-effects Tobit Models of the listed firms in technology industry during 2009 to 2013 by using return on asset (ROA) and Tobin's Q as measurement index of performance. The result of the overall information disclosure showed significant effects of firm performance on voluntary disclosure.

The finding concurs with Mathuva (2012) who conducted a research study on the determinants of forward looking information disclosures in interim reports for non-financial firms listed in NSE, Kenya. Data was collected from 91 firm-year observations between 2009 and 2011. The research found that cross listed firms are associated with lower FLDs compared with non-cross listed firms. Compared to "historical accounting information", "forward-looking information" refers to information that captures current plans and future forecasts to enable financial statement users assess the company's future performance.

The findings of this study concur with Penman (1984) who noted that financial forecasts by management would be beneficial to financial statement users, although the actual benefit is difficult to measure. This difficulty in benefit measurement is due to the disclosure environment. The environment is one in which financial forecasts are voluntary and the vast majority of enterprises choose not to disclose financial forecasts. Karimi (2012) also conducted a research on relationship between human capital accounting and business performance in the pharmaceutical firms in Kenya. Local pharmaceutical firms were studied and the finding showed that human capital disclosure influenced business performance.

Table 4.39: Multivariate Regression Coefficient Results

	B	Std. Error	Beta	t	Sig.
(Constant)	13523.9	2335.215		5.791	0
Value Added Disclosure	713.993	672.03	0.16	1.062	0.295
Forward Looking Disclosure	862.869	426.318	0.263	2.024	0.05
Human Resource info Disclosure	1582.573	681.738	0.335	2.321	0.026
Social accounting info Disclosure	30.539	770.094	0.007	0.04	0.969
Managerial Analysis Disclosure	1496.017	888.04	0.313	1.685	0.1

a Dependent Variable: TOBIN'S Q RATIO

4.9 Hypotheses Testing

4.9.1 Hypothesis One: value added statement disclosures and market performance

$H0_1$: There is no significant effect of value added statement disclosures in annual reports on market performance of non- financial firms listed in NSE.

F-test was carried out to test the null hypothesis that there is no significant effect of value added statement disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 20.753 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis

is rejected and conclude that there is effect of value added statement disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya

The results on the beta coefficient of the resulting model showed that the constant α = 7441.78 is significantly different from 0, since the p- value = 0.000 is less than 0.05. The coefficient β = 2573.266 is also significantly different from 0 with a p-value=0.000 which is less than 0.05. The results imply that a unit change in value added statement disclosure will result in 2573.266 units change in firm value. This confirmed that there is a significant positive effect of value added statement disclosure on firm value of listed non-financial firms in Kenya.

4.9.2 Hypothesis Two: forward-looking information disclosure and market performance

Hypothesis testing

$H0_2$: There is no significant effect of forward-looking information disclosure in annual reports on market performance of non- financial firms listed in NSE.

F-test was carried out to test the null hypothesis that there is no significant effect of forward-looking information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 4.184 with a significance of p value = 0.047 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is significant effect of forward-looking information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 986.859 is also significantly different from 0 with a p-value=0.000 which is less than 0.047. The results imply that a unit change in forward-looking information disclosure will result in 986.859 units change in firm value. This confirmed that there is a significant positive effect of forward-looking information disclosure on firm value of listed non-financial firms in Kenya.

4.9.3 Hypothesis Three: Human Resource Accounting Disclosure and market performance

$H0_3$: There is no significant effect of Human Resource Accounting Disclosure in annual reports on market performance of non- financial firms listed in NSE.

F-test was carried out to test the null hypothesis that there is no significant effect of Human Resource Accounting Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 24.423 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of Human Resource Accounting Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 2860.538 was significantly different from 0 with a p-value=0.000 which is less than 0.05. The results imply that a unit change in Human Resource Accounting Disclosure will result in 2860.538 units change in firm value. This confirms that there is a significant positive effect of Human Resource Accounting Disclosure on firm value of listed non-financial firms in Kenya.

4.9.4 Hypothesis Four: social accounting information disclosure and market performance

$H0_4$: There is no significant effect of social accounting information disclosure in annual reports on market performance of non- financial firms listed in NSE.

F-test was carried out to test the null hypothesis that there is no significant effect of social accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 7.760 with a significance of p value = 0.008 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of social accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 1699.3 was significantly different from 0 with a p-value=0.008 which is less than 0.05. The results imply that a unit change in social accounting information disclosure will result in 1699.3 units change in firm value.

This confirmed that there is a significant positive effect of social accounting information disclosure on firm value of listed non-financial firms in Kenya

4.9.5 Hypothesis Five: management discussions and analysis disclosure and market performance

$H0_5$: There is no significant effect of management discussions and analysis disclosure in annual reports market performance of non- financial firms listed in NSE.

F-test was carried out to test the null hypothesis that there is no significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value is 17.632 with a significance of p value = 0.000 which is less than 0.05, meaning that null hypothesis is rejected and conclude that there is a significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 2602.191 was significantly different from 0 with a p-value = 0.000 which is less than 0.05. The results imply that a unit change in management discussions and analysis disclosure will result in 2602.191 units change in firm value. This confirms that there is a significant positive effect of management discussions and analysis disclosure on firm value of listed non-financial firms in Kenya

4.9.6 Hypothesis Six: moderating effect of corporate governance attributes

$H0_6$: There is no moderating effect of corporate governance attributes on voluntary accounting disclosures in annual reports and market performance of non - financial firms listed in NSE.

According to the findings, four independent variables (value added statement disclosures, forward looking disclosures, human resource accounting information disclosures and social accounting information disclosure) were positively moderated by the corporate governance (Board composition). Given the level of significance of

the ANOVA for the four variables, the results of the regression analysis reveal that the corporate governance (Board composition) moderated the effect of value added statement disclosures, forward looking disclosures, human resource accounting information disclosures and social accounting information disclosure on market performance of non-financial firms in Kenya. The findings implied that the null hypothesis that there is no moderating effect of corporate governance attributes on voluntary accounting disclosures in annual reports and market performance of non-financial firms listed in NSE was rejected at a significance level of 0.05. The findings support the proposition held by Barako (2006) whose study on factors influencing voluntary corporate disclosure by Kenyan companies, found that corporate governance attributes influence voluntary accounting disclosure.

4.10 Regression Analysis with Moderator Variable

According to Judd, Kenny and McClelland (2001) moderation implies an interaction effect, where introducing a moderating variable changes the direction or magnitude of the relationship between two variables. In a linear causal relationship in which the variable X is presumed to cause the variable Y, a moderator variable Z is a variable that alters the strength of the causal relationship. A moderation effect could be (a) Enhancing, where increasing the moderator would increase the effect of the predictor on the outcome (b) Buffering, where increasing the moderator would decrease the effect of the predictor on the outcome; or (c) Antagonistic, where increasing the moderator would reverse the effect of the predictor on the outcome. Test for moderation looks at the interaction effect between X and Z and whether or not such an effect is significant in predicting Y. In this study, the corporate governance attribute (Board Composition) was the moderator.

The regression analysis was performed for each independent variable and the dependent variable to establish the individual moderating influence of each determinant of voluntary accounting disclosure on the level of market performance. Aldwin (1994), Holmbeck (1997) and Kim *et al.* (2001) posited that if the change in the coefficient of determination (R^2) for the interaction variable is positive and

significant, then it is said to have a moderating effect, and thus, the moderation hypothesis is supported. The null hypothesis of no moderation was tested by regressing each interaction variable with the level of disclosure.

4.10.1 Moderating Effect of corporate governance attribute (Board Composition) on Value Added Statement Disclosure and market Performance

Regression analysis was performed to determine the moderating effect of corporate governance attribute (Board Composition) on value added statement disclosure and market performance. The interaction between value added statement disclosure and corporate governance attribute (Board Composition) (Value Added statement disclosure*Corporate Governance) was calculated and used in the regression model $Y = \beta_0 + \beta_1$ (Value Added statement disclosure*Corporate Governance) $+ \beta_2$ Value Added statement disclosure +e. According to the results, the value of adjusted R square without consideration of the corporate governance attribute (Board Composition) is 33.1%. The adjusted R square improves to 40.4% when the corporate governance attribute (Board Composition) is considered. This implies that the adjusted R square changed by 0.073%.

Table 4.40: Model Summary for Value Added Statement Disclosure

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
without moderator	.575a	0.331	0.315	2455.818
ith moderator	.636a	0.404	0.375	2345.065

a Predictors: (Constant), Corporate Governance Disclosure, Value Added statement Disclosure

a Predictors: (Constant), Value Added disclosure*Corporate Governance, Value Added Disclosure

The ANOVA results for the moderation effect of Value Added Disclosure on the level of market performance. According to the results, the F-statistic with the moderator variable is 20.753, which is greater than the F-critical of 3.000. The ANOVA also showed that the F change was significant at the 0.05 level. This implied that the coefficients in the model were not equal to zero and exhibited a good fit.

Table 4.41: ANOVA Results for Value Added Statement Disclosure

Model		Sum of Squares	df	Mean Square	F	Sig.
without moderator	Regression	125162098.7	1	125162098.7	20.753	.000b
	Residual	253303851.6	42	6031044.085		
	Total	378465950.3	43			
with moderator	Regression	152993477.9	2	76496738.96	13.91	.000b
	Residual	225472472.3	41	5499328.593		
	Total	378465950.3	43			

a Dependent Variable: TOBIN'S Q RATIO

b Predictors: (Constant), Value Added Disclosure

b Predictors: (Constant), Value Added disclosure*Corporate Governance, Value Added Disclosure

The regression coefficient results showed that the coefficient on the moderating variable, Value Added disclosure*Corporate Governance is 393.342. The coefficient on the interaction variable was also significant since its p-value was 0.003 which is less than 0.05.Since the coefficient of Value Added disclosure*Corporate Governance was significant it further implied that the corporate governance attribute (Board composition) significantly moderated market performance (measured by Tobin's Q) and voluntary accounting disclosures.

Table 4.42: Regression Coefficient Results for Value Added Disclosure

Model		B	Std. Error	Beta	t	Sig.
without moderator	(Constant)	7441.78	1935.734		3.844	0.000
	Value Added Disclosure	2573.266	564.865	0.575	4.556	0.000
with moderator	(Constant)	4191.912	2345.983		1.787	0.081
	Value Added Disclosure	339.464	1130.006	0.076	0.3	0.765
	Value Added disclosure*Corporate Governance	393.342	174.847	0.568	2.25	0.003

a Dependent Variable: TOBIN'S Q RATIO

4.10.2 Moderating Effect of corporate governance attribute (Board Composition) on Forward Looking information Disclosure and market Performance

The interaction between Forward Looking information Disclosure and corporate governance attribute (Board Composition) (Forward Looking information Disclosure *Corporate Governance) was calculated and used in the regression model $Y = \beta_0 + \beta_1$ (Forward Looking information Disclosure *Corporate Governance) + β_2 Forward Looking information Disclosure + e. According to the results, the value of R square without consideration of the corporate governance attribute (Board Composition) was 0.091%. The R square improved to 0.297% when the corporate governance attribute (Board Composition) was considered. This implies that the R square changed by 0.206% which implied that a positive enhancement.

Table 4.43: Model Summary for Forward Looking information Disclosure

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
without moderator	.301a	0.091	0.069	2862.641
with moderator	.545a	0.297	0.262	2547.775

a Predictors: (Constant), Forward Looking information Disclosure
a Predictors: (Constant), Forward Looking information Disclosure*Corporate Governance, Forward Looking information Disclosure

The result of F-statistic with the moderator variable was 8.652, which was greater than the F-critical of 3.000. The ANOVA further showed that the F change with the moderator was significant at the 0.05 level. This implied that the coefficients in the model were not equal to zero and exhibited a good fit.

Table 4.44: ANOVA Results for Forward Looking information Disclosure

Model		Sum of Squares	df	Mean Square	F	Sig.
without moderator	Regression	34288007.44	1	34288007.4	4.184	.047b
	Residual	344177942.8	42	8194712.92		
	Total	378465950.3	43			
with moderator	Regression	112328576	2	56164288	8.652	.001b
	Residual	266137374.3	41	6491155.47		
	Total	378465950.3	43			

a Dependent Variable: TOBIN'S Q RATIO
b Predictors: (Constant), Forward Looking information Disclosure
a Predictors: (Constant), Forward Looking information Disclosure*Corporate Governance, Forward Looking information Disclosure

The regression coefficient results showed that the coefficient on the moderating variable, Forward Looking information Disclosure*Corporate Governance was 498.003. The coefficient on the interaction variable was also significant since its p-value was 0.001 which was less than 0.05. Since the coefficient of Forward Looking

information Disclosure*Corporate Governance was significant it further implied that the corporate governance attribute (Board composition) significantly moderated market performance (measured by Tobin's Q) and Forward Looking information Disclosures.

Table 4.45: Regression Coefficient Results for Forward Looking information Disclosure

		B	Std. Error	Beta	t	Sig.
without moderator	(Constant)	-2069.798	1662.236		-1.245	0.22
	Forward Looking information Disclosure	986.859	482.448	0.301	2.046	0.047
with moderator	(Constant)	-1260.049	1497.723		-0.841	0.405
	Forward Looking information Disclosure	-825.354	676.411	-0.252	-1.22	0.229
	Forward Looking information Disclosure*Corporate Governance	498.003	143.626	0.715	3.467	0.001

a Dependent Variable: TOBIN'S Q RATIO

4.10.3 Moderating Effect of corporate governance attribute (Board Composition) on HRAID and market Performance

This section contained the finding on the moderating effect of corporate governance attribute (board composition) on human resource accounting information disclosures (HRAID) and market performance. The R-square without the moderator was 0.368 while with the moderator was 0.466. This finding implied that corporate governance attribute (board composition) had enhancing effect on human resource accounting information disclosures (HRAID) and market performance.

Table 4.46: Model Summary for Human Resource Accounting Information Disclosures

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
without moderator	.606a	0.368	0.353	2387.01
with moderator	.683a	0.466	0.44	2219.452

a Predictors: (Constant), Human Resource Information Disclosure
a Predictors: (Constant), Human Resource Information Disclosure*Corporate Governance, Human Resource Information Disclosure

The ANOVA results further showed that the model with interaction variable human resource accounting information disclosures*Corporate Governance was statistically significant (F=17.915, p=0.000). This implied that the coefficients in the model were not equal to zero and exhibited a good fit.

Table 4.47: ANOVA results for Human Resource Accounting Information Disclosures

Model		Sum of Squares	df	Mean Square	F	Sig.
without moderator	Regression	139157594.9	1	139157594.9	24.423	.000b
	Residual	239308355.3	42	5697817.984		
	Total	378465950.3	43			
with moderator	Regression	176501255.6	2	88250627.83	17.915	.000b
	Residual	201964694.6	41	4925968.161		
	Total	378465950.3	43			

a Dependent Variable: TOBIN'S Q RATIO
b Predictors: (Constant), Human Resource information Disclosure
a Predictors: (Constant), HRID*Corporate Governance, Human Resource Information Disclosure

The regression coefficient results showed that the coefficient on the moderating variable, human resource accounting information disclosures*Corporate Governance was 496.046. The coefficient on the interaction variable was also significant since its p-value was 0.009 which was less than 0.05. Since the coefficient of human resource accounting information disclosures*Corporate Governance was significant it further implied that the corporate governance attribute (Board composition) significantly moderated market performance (measured by Tobin's Q) and human resource accounting information disclosures.

Table 4.48: Regression Coefficient Results for Human Resource Accounting Information Disclosures

	B	Std. Error	Beta	t	Sig.
(Constant)	-7770.94	1853.314		-4.193	0
HRID	2860.538	578.827	0.606	4.942	0
(Constant)	-4266.439	2142.319		-1.992	0.053
HRID	147.812	1122.656	0.031	0.132	0.896
HRID*Corporate Governance	496.046	180.16	0.655	2.753	0.009

a Dependent Variable: TOBIN'S Q RATIO

4.10.4 Moderating Effect of corporate governance attribute (Board Composition) on SAID and market Performance

This section provided the finding on the moderating effect of corporate governance attribute (board composition) on social accounting information disclosure and market performance. The R-square without the moderator was 0.156 while with the moderator was 0.43. This finding implied that corporate governance attribute (board composition) had enhancing effect on social accounting information disclosure (SAID) and market performance.

Table 4.49: Model Summary for social accounting information disclosure

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
without moderator	.395a	0.156	0.136	2757.859
with moderator	.656a	0.43	0.402	2293.782

a Predictors: (Constant), SAID

a Predictors: (Constant), SAID*Corporate Governance, SAID

The ANOVA results further showed that the model with interaction variable social accounting information disclosure*Corporate Governance was statistically significant (F=7.76, p=0.008). This implied that the coefficients in the model were not equal to zero and exhibited a good fit.

Table 4.50: ANOVA results for social accounting information disclosure

Model		Sum of Squares	df	Mean Square	F	Sig.
without moderator	Regression	59022990	1	59022990	7.76	.008b
	Residual	319442960.2	42	7605785		
	Total	378465950.3	43			
with moderator	Regression	162746997.8	2	81373499	15.466	.000b
	Residual	215718952.5	41	5261438		
	Total	378465950.3	43			

a Dependent Variable: TOBIN'S Q RATIO

a Predictors: (Constant), SAID

a Predictors: (Constant), SAID*Corporate Governance, SAID

The regression coefficient results showed that the coefficient on the moderating variable, social accounting information disclosure*Corporate Governance was 679.934. The coefficient on the interaction variable was also significant since its p-value was 0.000 which was less than 0.05. Since the coefficient of social accounting information disclosure*Corporate Governance was significant it further implied that the corporate governance attribute (Board composition) significantly moderated market performance (measured by Tobin's Q) and social accounting information disclosures.

Table 4.51: Regression Coefficient Results for social accounting information disclosure

		B	Std. Error	Beta	t	Sig.
without moderator	(Constant)	-4054.081	1936.174		-2.094	0.042
	SAID	1699.3	610.002	0.395	2.786	0.008
with moderator	(Constant)	-1982.237	1676.609		-1.182	0.244
	SAID	-1122.893	813.28	-0.261	-1.381	0.175
	SAID*Corporate Governance	679.934	153.137	0.839	4.44	0.000

a Dependent Variable: TOBIN'S Q RATIO

4.10.5 Moderating Effect of corporate governance attribute (Board Composition) on MD&AD and market Performance

The interaction between management discussions and analysis disclosures and corporate governance attribute (Board Composition) (management discussions & analysis disclosures*Corporate Governance) was calculated and used in the regression model $Y = \beta_0 + \beta_1$ (management discussions & analysis disclosures *Corporate Governance) + β_2 management discussions & analysis disclosures + e. According to the results, the value of R square without consideration of the corporate governance attribute (Board Composition) is 29.6%. The R square improved to 48.2% when the corporate governance attribute (Board Composition) was considered. This implies that the R square changed by 0.186%.

Table 4.52: Model Summary for management discussion & analysis disclosures

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
without moderator	.544a	0.296	0.279	2519.256
with moderator	.694a	0.482	0.457	2186.013

a Predictors: (Constant), MDAD

a Predictors: (Constant), MDAD*Corporate Governance, MDAD

The ANOVA results further showed that the model with interaction variable management discussions and analysis disclosures*Corporate Governance was statistically significant (F=19.1, p=0.000). This implied that the coefficients in the model were not equal to zero and exhibited a good fit.

Table 4.53: ANOVA results for management discussion & analysis disclosures

Model		Sum of Squares	df	Mean Square	F	Sig.
without						
moderator	Regression	111906561.1	1	111906561.1	17.632	.000b
	Residual	266559389.1	42	6346652.122		
	Total	378465950.3	43			
with						
moderator	Regression	182541228.6	2	91270614.31	19.1	.000b
	Residual	195924721.6	41	4778651.747		
	Total	378465950.3	43			

a Dependent Variable: TOBIN'S Q RATIO

a Predictors: (Constant), MDAD

a Predictors: (Constant), MDAD*Corporate Governance, MDAD

The regression coefficient results showed that the coefficient on the moderating variable, management discussions and analysis disclosures*Corporate Governance was -483.601. The coefficient on the interaction variable was also significant since its p-value was 0.619 which was greater than 0.05. Since the coefficient of management discussions and analysis disclosures*Corporate Governance was insignificant it further implied that the corporate governance attribute (Board composition) insignificantly moderated market performance (measured by Tobin's Q) and management discussion & analysis disclosures.

Table 4.54: Regression Coefficient Results for Management Discussions & Analysis disclosure

	B	Std. Error	Beta	t	Sig.
(Constant)	-6439.056	1861.643		-3.459	0.001
MDAD	2602.191	619.703	0.544	4.199	0.000
(Constant)	-3306.481	1809.242		-1.828	0.075
MDAD*Corporate Governance	-483.601	966.102	-0.101	-0.501	0.619
MDAD	631.871	164.351	0.776	3.845	0.000
a Dependent Variable: TOBIN'S Q RATIO					

According to the findings, four independent variables (value added statement disclosures, forward looking information disclosure, human resource accounting information disclosure and social accounting information disclosure) were positively moderated by the corporate governance (Board composition). Given the level of significance of the ANOVA for the four variables, the results of the regression analysis reveal that the corporate governance (Board composition) moderated the value added statement disclosure, forward looking information disclosure, human resource accounting information disclosure and social accounting information disclosure and market performance of non-financial firms in Kenya.

The null hypothesis that there is no moderating effect of corporate governance attributes on voluntary disclosures in annual reports and market performance of non-financial firms listed in NSE was rejected at a significance level of 0.05. The findings support the proposition held by Barako (2006) whose study on factors influencing voluntary corporate disclosure by Kenyan companies, found that corporate governance attributes influence voluntary disclosure. Gibbins, Richardson and Waterhouse (1992) and Haniffa and Cooke (2002) posited that corporate governance should be considered because the board of directors manage information disclosure in the annual reports.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The general objective of this study was to establish the effect of voluntary accounting disclosures on market performance of non-financial firms listed in NSE. The study specifically sought to examine the effect of value added disclosure, forward looking disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure on the market performance of non-financial firms listed in NSE. The study further sought to examine the moderating effect of corporate governance on voluntary accounting disclosure and market performance of listed non-financial firms in Kenya. This chapter presented the summary of research findings on response rate, the general background information, the statistical analysis of specific objectives/research hypotheses. The conclusions and recommendations relating to specific objectives as well as suggestions for further research were highlighted.

5.2 Summary of Findings

The main objective of this study was to establish the effect of voluntary accounting disclosures on market performance of non-financial firms listed in NSE. This study was anchored on agency theory, stakeholder theory, human capital theory, decision usefulness theory, legitimacy theory, information signaling theory, Voluntary disclosure theory, institutional theory and capital need theory. The dependent variable in this study was firm market performance, which was represented by firm's value, as measured by Tobin's Q ratio. The independent variables were voluntary accounting disclosures (Value added statement, Forward-looking information, Human resource accounting information, Social accounting information and Management Discussions & Analysis). The moderating variable in this study was corporate governance attributes represented by board composition and audit committee.

This study was founded on the positivism paradigm. This study adopted a descriptive cross-sectional research design to analyze the effect of voluntary accounting disclosures on market performance of non-financial companies listed in the NSE. The target population of the study comprised of all non-financial companies listed in the Nairobi Securities Exchange while the sampling frame consisted of 45 non-financial firms listed in NSE as per NSE handbook (2015). A census approach design was adopted in this study since the population of interest was very small.

Primary data was collected through the administration of semi-structured questionnaires to the 45 Chief executive officers (CEO) of the selected firms using drop and pick method. Follow-ups were done through emails and phone.44 questionnaires were successfully filled giving a response rate of 97.78%. Secondary data was collected from annual published financial statements using a secondary data collection sheet. Secondary data was also gathered from audited financial reports of non-financial firms listed in NSE, Kenya. The data obtained was analyzed using descriptive and inferential statistics, correlation analysis and multiple linear regression analysis to analyze data. A multiple linear regression model and t-statistic were used to determine the relative importance of each independent variable in influencing firm market performance.

5.2.1 Value Added Disclosure and market Performance

The first objective of this study was to establish the effect of value added statement disclosure in the annual reports on market performance of non-financial firms listed in NSE. The results of correlation tests indicated that value added statement disclosure had a positive and significant correlation with firm value ($r=0.575$, $p=0.000$). The findings imply that increase in value added statement disclosure would result in increase in firm value measured using Tobin's Q.

The results of ANOVA test showed that the F value was 20.753 with a significance of p value = 0.000 which was less than 0.05, meaning that null hypothesis was rejected and concluded that there is a significant effect of Value Added Statement

Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 2573.266 was also significantly different from 0 with a p-value=0.000 which is less than 0.05. The results imply that a unit change in Value Added Statement disclosure will result in 2573.266 units change in firm value. This confirms that there is a significant positive effect of Value Added Statement disclosure on firm value of listed non-financial firms in Kenya.

5.2.2 Forward Looking Disclosure and market Performance

Correlation was conducted to test the strength of the association between forward-looking information disclosure and Tobin's Q. The findings indicated that there existed a strong and significant association between forward-looking information disclosure and Tobin's Q. R-squared= 0.091 indicated that 9.1% of variation in the firm value can be explained by forward-looking information disclosure. The coefficient β = 986.859 is also significantly different from 0 with a p-value=0.000 which is less than 0.047. The results implied that a unit change in forward-looking information disclosure will result in 986.859 units change in firm value. This confirmed that there was a significant positive effect of forward-looking information disclosure on firm value of listed non-financial firms in Kenya.

5.2.3 Human Resource Accounting Information Disclosure and market Performance

The study also sought to establish the effect of human resource accounting information disclosure on market performance of non-financial firms listed in NSE. Correlation was conducted to test the strength of the association between human resource accounting information and Tobin's Q. The findings indicated there existed a strong and significant association between human resource accounting information disclosure and Tobin's Q.

The results showed a relationship R= 0.606, indicated a strong positive association between Human Resource Accounting Disclosure and Tobin's Q. R-squared= 0.368 indicated that 36.8% of variation in the market performance can be explained by Human Resource Accounting Disclosure.

The results of ANOVA test showed that the F value was 24.423 with a significance of p value = 0.000 which was less than 0.05, meaning that null hypothesis was rejected and conclude that there was a significant effect of Human Resource Accounting Disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 2860.538 was significantly different from 0 with a p-value=0.000 which is less than 0.05. The results implied that a unit change in Human Resource Accounting Disclosure would result in 2860.538 units change in market performance. This confirmed that there was a significant positive effect of Human Resource Accounting Disclosure on firm value of listed non-financial firms in Kenya.

5.2.4 Social Accounting Information Disclosure and Financial Performance

The fourth objective of this study was to establish the effect of social accounting information disclosure on market performance of non-financial firms listed in NSE. Correlation was conducted to test the strength of the association between social accounting information disclosure and Tobin's Q. The findings indicated there existed a strong and significant association between social accounting information disclosure and Tobin's Q. The results showed a relationship R= 0.395, indicates a strong positive association between social accounting information disclosure and Tobin's Q. R-squared= 0.156 indicated that 15.6% of variation in the firm value can be explained by social accounting information disclosure. The results implied that increase in social accounting information disclosure would result to increase in firm value of listed non-financial firms in Kenya.

The results of ANOVA test showed that the F value was 7.760 with a significance of p value = 0.008 which was less than 0.05, meaning that null hypothesis was rejected and concluded that there was a significant effect of social accounting information disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The coefficient β = 1699.3 was also significantly different from 0 with a p-value=0.008 which is less than 0.05. The results further implied that a unit change in social accounting information disclosure would result in 1699.3 units change in firm value. This confirms that there was a significant positive effect of social accounting information disclosure on firm value of listed non-financial firms in Kenya.

5.2.5 Management Discussions and Analysis Disclosure and market Performance

Correlation was conducted to test the strength of the association between management discussions and analysis disclosure and Tobin's Q. The findings indicated there existed a strong and significant association between management discussions and analysis disclosure and Tobin's Q. The results implied that increase in management discussions and analysis disclosure would result to increase in firm value of listed non-financial firms in Kenya.

F-test was carried out to test the null hypothesis that there is no significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya. The results of ANOVA test show that the F value was 17.632 with a significance of p value = 0.000 which was less than 0.05, meaning that null hypothesis was rejected and conclude that there was a significant effect of management discussions and analysis disclosure on firm value (Tobin's Q) of listed non-financial firms in Kenya.

The regression results further showed that the coefficient β = 2602.191 was significantly different from 0 with a p-value = 0.000 which was less than 0.05. The results implied that a unit change in management discussions and analysis disclosure would result in 2602.191 units change in firm value. This confirmed that there was a

significant positive effect of management discussions and analysis disclosure on firm value of listed non-financial firms in Kenya.

5.2.1 Moderating Effect of Corporate Governance attributes

The value for R without the moderator was 0.547 while with the moderator was 0.550, which implies there is a strong positive relationship between the voluntary accounting disclosures and market performance of non-financial firms listed in NSE with corporate governance which further improved the outcome. The null hypothesis that the corporate governance does not significantly moderate voluntary accounting disclosures and market performance of non-financial firms listed in NSE was rejected at a significance level of 0.05.

5.3 Conclusion

This study established that there was a positive significant effect of value added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure on market performance of non-financial firms listed in NSE. Based on these findings the study concluded that value added statement disclosure, forward-looking information disclosure, human resource accounting information disclosure, social accounting information disclosure and management discussions and analysis disclosure, were key to market performance of non-financial firms listed in NSE.

5.4 Recommendations of the Study

Based on the findings of this study, the following recommendations were made;

The study recommends that non-financial firms listed in the NSE should disclose value added statements to all their stakeholders since such disclosure influences the investments decisions of stakeholders. Value added statement is a financial statement which shows how much value (wealth) has been created by an enterprise through

utilization of its capacity, capital, manpower, and other resources and how it is allocated among different stakeholders

The study further recommended that that non-financial firms listed in the NSE should disclose forward looking information to all their stakeholders. Disclosing forward looking information to stakeholders has a positive influence of the firm value. Forward looking information disclosure consists of information which explains the company's current and future projections meant to enable financial statement users to assess a firm's future financial performance

The study further recommended that non-financial firms should disclose Intellectual capital in their statements of financial position. The companies that disclose intellectual capital in the statement of financial position are more competitive than those firms that do not account for the human capital and are therefore more successful.

The study recommended disclosure of social accounting information to stakeholders. These disclosures include environmental accounting and social responsibility accounting. There is increased confidence among stakeholders on firm disclosing social accounting information in their annual reports.

The study also recommended that firms should disclose their management discussions & analysis information. Management discussions & analysis will usually touch on the upcoming year future goals and approaches to new projects hence influencing stakeholders decisions.

The study recommends to International Accounting Standards Board to come up with an accounting standard guiding voluntary accounting disclosure.

5.5 Area for Further Research

Based on the research gaps identified in this study, the study recommended that future studies should focus on establishing the perception of stakeholders of listed non-financial and financial firms on the voluntary accounting disclosures.

REFERENCES

Abeysekera, I. (2010). The influence of board size on intellectual capital disclosure by Kenyan listed firms. *Journal of Intellectual Capital*, *11*(4), 504-518.

Abor, J. (2005). The effect of capital structure on profitability: an empirical analysis of listed firms in Ghana. *The journal of risk finance*, *6*(5), 438-445.

Abrahamson, E., & Amir, E. (1996). The information content of the president's letter to shareholders. *Journal of Business Finance and Accounting*, *23*(8), 1157-1182.

Adams, M.B. (1996). *Determinants of voluntary disclosure by New Zealand life insurance companies.* Unpublished PhD thesis thesis, Massey: Massey University.

Ahmed, K., & Courtis, J.K. (1999). Associations between corporate characteristics and disclosure levels in annual reports: a meta-analysis. *The British Accounting Review*, *31*(1), 35-61.

Aksu, M., & Kosedag, A. (2005). *The relationship between transparency and disclosure and firm performance in the ISE: does IFRS adoption make a difference*. Istanbul, Turkey: Sabanci University.

Albassam, W. (2014). *Corporate governance, voluntary disclosure and financial performance: ban empirical analysis of Saudi listed firms using a mixed-methods research design*. Unpublished PhD thesis, Glasgow: University of Glasgow.

Aljifri, K., & Hussainey, K. (2007). The determinants of forward-looking information in annual reports of UAE companies. *Managerial Auditing Journal*, *22*(9), 881-894.

Allen, M.R. (2006). *Strategic Human Resource Management and Firm Performance: What Can We Learn from Small Businesses?*. Unpublished PhD thesis, Cornell: Cornell University.

Almajali, A.Y., Alamro, S.A., & Al-Soub, Y.Z. (2012). Factors affecting the financial performance of Jordanian insurance companies listed at Amman Stock Exchange. *Journal of Management Research*, *4*(2), 266.

Al-Razeen, A., & Karbhari, Y. (2004). Interaction between compulsory and voluntary disclosure in Saudi Arabian corporate annual reports. *Managerial Auditing Journal*, *19*(3), 351-360.

Al-Shammari, B. (2008). Voluntary disclosure in Kuwait corporate annual reports. *Review of Business Research*, *8*(1), 62-81.

Amran, A., Manaf Rosli Bin, A., & Che Haat Mohd Hassan, B. (2008). Risk reporting: An exploratory study on risk management disclosure in Malaysian annual reports. *Managerial Auditing Journal*, *24*(1), 39-57.

Aras, G., Aybars, A., & Kutlu, O. (2010). Managing corporate performance: Investigating the relationship between corporate social responsibility and financial performance in emerging markets. *International Journal of productivity and Performance management*, *59*(3), 229-254.

Balgati, H. B., Bresson, G., & Pirotte Alain, J.L. (2005). *Test for Homoskedasticity in a One-Way Error Component Model*. New York: Syracuse University.

Banghoj, J., & Plenborg, T. (2008). Value relevance of voluntary disclosure in the annual report. *Accounting and Finance*, *48*(2), 159-180.

Barako, D.G., Hancock, P., & Izan, I.H.Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: An International Review*, *14*(2), 107-125.

Barako, D.G. (2007). Determinants of voluntary disclosures in Kenyan companies annual reports. *African Journal of Business Management, 1*(5), 113-128.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Bauer, R., Guenster, N., & Otten, R. (2004). Empirical Evidence on Corporate Governance in Europe: The Effect on Stock Returns, Firm Value, and Performance (Digest Summary). *Journal of Asset Management*, *5*, 291-104.

Becker, G.S. (2007). Health as human capital: synthesis and extensions. *Oxford Economic Papers*, *59*(3), 379-410.

Bell, J. (2014). *Doing Your Research Project: A guide for first-time researchers*. UK: McGraw-Hill Education.

Binh, T.Q. (2012). Voluntary disclosure information in the annual reports of non-financial listed companies: the case of Vietnam. *Journal of Applied Economics and Business Research*, *2*(2), 69-90

Botosan, C.A. (1997). Disclosure level and the cost of equity capital. *Accounting review*, 323-349.

Botosan, C.A., & Plumlee, M.A. (2002). A re-examination of disclosure level and the expected cost of equity capital. *Journal of accounting research, 40*(1), 21-40.

Breusch, T.S., & Pagan, A. R., (1979). A Simple Test for Heteroscedasticity and Random Coefficient Variation. *Econometrica, 47*(September), 1287-94.

Breusch, T.S., & Pagan, A.R. (1980). The Lagrange multiplier test and its applications to model specification in econometrics. *The Review of Economic Studies*, *47*(1), 239-253.

Brooks, C. (2014). *Introductory econometrics for finance*. Cambridge: Cambridge university press.

Bryman, A., & Bell, E. (2003). Breaking down the quantitative/qualitative divide. *Business Research Methods*, 465-478.

Bullen, M.L., & Eyler, K.A. (2010). Human resource accounting and international developments: implications for measurement of human capital. *Journal of International Business and Cultural Studies*, *3*(1.A).

Cadbury, A. (1992). *Cadbury report: The financial aspects of corporate governance.* London: HMG.

Canibano, L., Garcia-Ayuso, M., & Sanchez, P. (2000). Accounting for intangibles: a literature review. *Journal of Accounting Literature*, *19*, 102-130.

Capital Markets Authority, CEO (2015*). CMA Kenya*. Retrieved from Restriction of trading of Bob Mathews stock brokers Limited.

Capital Markets Authority, CEO (2016*). CMA Kenya*. Retrieved from Restriction of trading of Suntra investment Limited.

Carmona, S. & Trombetta, M. (2010). The IASB and FASB convergence process and the need for 'concept-based' Accounting teaching. *Advances in Accounting*, *26*(1), 1-5.

Cascino, S., Clatworthy, M., García Osma, B., Gassen, J., Imam, S., & Jeanjean, T. (2014). Who uses financial reports and for what purpose? Evidence from capital providers. *Accounting in Europe*, *11*(2), 185-209.

Chege, J.W. (2013*). Relationship Between Ownership Structure And Financial Performance Among Commercial Banks Listed In The Nairobi Securities Exchange In Kenya*. Unpublished MBA thesis, Nairobi: University of Nairobi.

Chiucchi, M.S. (2008). Exploring the benefits of measuring intellectual capital. The Aimag case study. *Human Systems Management*, *27*(3), 217-230.

Cho, C.H., Roberts, R.W., & Patten, D.M. (2010). The language of US corporate environmental disclosure. *Accounting, Organizations and Society*, *35*(4), 431-443.

Choi, I. (2001). Unit root tests for panel data. *Journal of international money and Finance*, *20*(2), 249-272.

Choi, J.S., Kwak, Y.M., & Choe, C. (2010). Corporate social responsibility and corporate financial performance: Evidence from Korea. *Australian journal of management*, *35*(3), 291-311.

Chow, C.W., & Wong-Boren, A. (1987). Voluntary financial disclosure by Mexican corporations. *Accounting review*, 533-541.

Clarkson, P.M., Li, Y., Richardson, G.D., & Vasvari, F.P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. *Accounting, organizations and society*, *33*(4), 303-327.

Clemente, A.G., & Labat, B.N. (2009). *Corporate Governance Mechanisms and Voluntary Disclosure.* The Role of Independent Directors in the Boards of Listed Spanish Firms. Madrid: Madrid Autonomous University.

Coffee, J.C. (2005). A theory of corporate scandals: Why the USA and Europe differ. *Oxford review of economic policy*, *21*(2), 198-211.

Connelly, B.L., Certo, S.T., Ireland, R.D., & Reutzel, C.R. (2011). Signaling theory: A review and assessment. *Journal of Management*, *37*(1), 39-67.

Cooke, T.E. *(*1991). An Assessment of Voluntary Disclosure in the Annual Reports of Japanese Corporations. *The International Journal of Accounting, 26, 174–189.*

Cooper, D., & Schindler, P. (2008). International Edition: Business Research Methods.; New Delhi; MacGraw-Hill. *Bulletin. District Development Report,(2007). Ministry of Planning, Murang'a District, Kenya government District Development reports issue Bulletin*.

Creswell, J. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*. New York: SAGE Publications.

CSRwire (2006). *Guide to CSR communication.* Retrieve from: www.csrwire.com/pdf/kit.pdf

Davada, R. (2012). Social Responsibility of Tata Consultancy Services Ltd. through Value Added Reporting. *Research Expo International Multidisciplinary Research Journal, 2*(3).

Day, R., & Woodward, T. (2004). Disclosure of information about employees in the Directors' report of UK published financial statements: substantive or symbolic?. In *Accounting Forum* (Vol. 28, No. 1, pp. 43-59). Elsevier.

Dawson, C. (2009). *Introduction to research methods: A practical guide for anyone undertaking a research project*. UK: Hachette.

Deegan, C. (2006). *Introduction to financial accounting theory*. New York: McGraw-Hill Book Co.

Denis, D.K. (2001). Twenty-five years of corporate governance research and counting. *Review of financial economics*, *10*(3), 191-212.

Douglas, A., Doris, J., & Johnson, B. (2004). Corporate social reporting in Irish financial institutions. *The TQM Magazine*, *16*(6), 387-395.

Dourlein, M. A. A. (2009). *Voluntary Disclosures and the Cost of Equity Capital*. Unpublished PhD dissertation, Erasmus: Erasmus University.

Dushnitsky, G., & Lenox, M.J. (2006). When does corporate venture capital investment create firm value? *Journal of Business Venturing*, *21*(6), 753-772.

Dushnitsky, G., & Lenox, M.J. (2006). When does corporate venture capital investment create firm value? *Journal of Business Venturing*, *21*(6), 753-772.

Ebaid, E.I. (2009). The impact of capital-structure choice on firm performance: empirical evidence from Egypt. *The Journal of Risk Finance*, *10*(5), 477-487.

Eisenhardt, K.M. (1989*).* Agency Theory*: An Assessment and Review, Academy of Management Review, 14*, 57–74.

Elgers, P.T., & Murray, D. (1982). The impact of the choice of market index on the empirical evaluation of accounting risk measures. *Accounting Review*, 358-375.

Elliott, B., & Elliott, J. (2006). *Financial accounting, reporting and analysis: international edition*. London: Pearson Education.

Epstein, L. (2013). *Reading Financial Reports for Dummies*. New York: John Wiley and Sons.

Epstein, M.J., & Pava, M.L. (1993). *The shareholder's use of corporate annual reports*. New Jersey: Jai Press.

Espinosa, M., & Trombetta, M. (2007). Disclosure interactions and the cost of equity capital: evidence from the Spanish continuous market. *Journal of Business Finance and Accounting*, *34*(9-10), 1371-1392.

Fama, E.F. & Jensen, M.C. *(1983).* Separation of Ownership and Control, *The Journal of Law and Economics, 26,* 301–325.

Fama, E.F., & French, K.R. (1998). Taxes, financing decisions and firm value. *The Journal of Finance*, *53*(3), 819-843.

Flack, T., Douglas, E. (2007). *The role of annual reports in a system of accountability for public fundraising charities,* Unpublished PhD Dissertation, Queensland: Queensland University of Technology.

Flamholtz, E.G., Bullen, M.L., & Hua, W. (2002). Human resource accounting: a historical perspective and future implications. *Management Decision*, *40*(10), 947-954.

Forbes, D.P., & Milliken, F.J. (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. *Academy of management review*, *24*(3), 489-505.

Forker, J.J. (1992). Corporate governance and disclosure quality. *Accounting and Business research*, *22*(86), 111-124.

Fowler Jr, F.J. (2013). *Survey research methods*. London: Sage publications.

Fox, R.P. *(*1984*).* Agency Theory: A New Perspective, *Management Accounting, 62,* 36–38.

Francis, J., Nanda, D., & Olsson, P. (2008). Voluntary disclosure, earnings quality, and cost of capital. *Journal of accounting research*, *46*(1), 53-99.

Freedman, J. (2015).What Are the Basic Accounting Theories? *Demand Media*

Freeman, R.E. (1999). Divergent stakeholder theory. *Academy of management review*, *24*(2), 233-236.

Garson, G. D. (2012). *Testing statistical assumptions*. Asheboro, NC: Statistical Associates Publishing.

Germon, H., & Meek, G.K. (2001). *Accounting: An International Perspective*. Singapore: McGraw Hill.

Ghobadian, A., & O'Regan, N. (2006). The impact of ownership on small firm's behaviour and performance. *International Small Business Journal*, *24*(6), 555-586.

Gietzmann, M., & Ireland, J. (2005). Cost of capital, strategic disclosures and accounting choice. *Journal of Business Finance & Accounting*, *32*(3-4), 599-634.

Gimeno, J., Folta, T.B., Cooper, A.C., & Woo, C.Y. (1997). Survival of the fittest? Entrepreneurial human capital and the persistence of underperforming firms. *Administrative science quarterly*, 750-783

Gray, R., Owen, D., & Adams, C. (1996). *Accounting and accountability: changes and challenges in corporate social and environmental reporting*. New York: Prentice Hall.

Greene, W.H. (2008). The econometric approach to efficiency analysis. *The measurement of productive efficiency and productivity growth*, 92-250.

Grojer, J.E. (1997). Employee artefacts on the balance sheet: model illustration and implications. *Journal of Human Resource Costing and Accounting*, *2*(1), 27-53.

Gujarati, D.N. (2003). *Basic Econometrics*. (4th ed.). New York: McGraw-Hill.

Gusenzow, C., & Tower, G. (2006). Valuing Athletes. *Journal of Contemporary Issues in Business and Government*, *12*(2), 103.

Hackston, D., & Milne, M.J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing and Accountability Journal*, *9*(1), 77-108.

Haggard, K.S., Martin, X., & Pereira, R. (2008). Does voluntary disclosure improve stock price in formativeness? *Financial Management*, *37*(4), 747-768.

Haller, A., & van Staden, C. (2014). The value added statement–an appropriate instrument for Integrated Reporting. *Accounting, Auditing & Accountability Journal*, *27*(7), 1190-1216.

Hamrouni, A., Miloudi, A., & Benkraiem, R. (2015). Signaling Firm Performance Through Corporate Voluntary Disclosure. *Journal of Applied Business Research*, *31*(2), 609.

Han, F., & Zhang, Z. (2009). Analysis of accounting disclosure mode for strengthening corporate social responsibility. *International Journal of Business and Management*, *3*(9), 157.

Haniffa, R.M., & Cooke, T.E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. *Abacus*, *38*(3), 317-349.

Hannon, N. (2002). Accounting scandals: Can XBRL help? *Strategic Finance*, *84*(2), 61.

Hassan, O.A., Romilly, P., Giorgioni, G., & Power, D. (2009). The value relevance of disclosure: Evidence from the emerging capital market of Egypt. *The International Journal of Accounting*, *44*(1), 79-102.

Healy, P.M., & Palepu, K.G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of accounting and economics*, *31*(1), 405-440.

Healy, P.M., & Palepu, K.G. (2003). The fall of Enron. *The Journal of Economic Perspectives*, *17*(2), 3-26.

Healy, P.M., Palepu, K.G. (2001). The effects of firms' disclosure strategies on stock prices. *Accounting Horizons, 7*(1), 1-11.

Hendriksen, E.S. (1982). *Accounting Theory*, (4th ed.), pp. 103, 504, 507 Homewood, IL: Irwin Press.

Hennes, K.M. (2008). *The reporting of contingent legal liabilities*. Pennsylvania: Pennsylvania State University.

Hird, C. (1983). *Challenging the figures: a guide to company finance and accounts*. London: Pluto Press.

Ho, S.S., & Wong, K.S. (2001). A study of the relationship between corporate governance structures and the extent of voluntary disclosure. *Journal of International Accounting, Auditing and Taxation*, *10*(2), 139-156.

Hooks, J., Coy, D., & Davey, H. (2002). The information gap in annual reports. *Accounting, Auditing and Accountability Journal*, *15*(4), 501-522.

Hoyt, R. E., & Liebenberg, A. P. (2011). The value of enterprise risk management. *Journal of risk and insurance*, *78*(4), 795-822.

Hussainey, K. S. M. (2004). *A study of the ability of (partially) automated disclosure scores to explain the information content of annual report narratives for future earnings.* Unpublished PhD thesis, Manchester: University of Manchester.

Ianniello, G. (2010). The voluntary disclosure of the value added statement in annual reports of Italian listed companies. *Agricultural Economics-Czech*, *56*(8), 368-378.

Imam, S. (2000). Corporate social performance reporting in Bangladesh. *Managerial Auditing Journal*, *15*(3), 133-142.

Impink, J.A. (2011). *Voluntary disclosure of corporate performance targets*. Groningen: University of Groningen.

Iyoha, F.O. (2010). Social accounting: An imperative for enterprise development. *Nigerian Accountant*, *43*(1), 4-8.

Jagongo, A.O., & Marangu, K. (2015). *Price to Book Value Ratio and Financial Statement Variables.* Nairobi: Nairobi Securities Exchange.

Javed, T., Younas, W., & Imran, M. (2014). Impact of Capital Structure on Firm Performance: Evidence from Pakistani Firms. *International Journal of Academic Research in Economics and Management Sciences*, *3*(5), 28.

Jensen, M.C. & Meckling, W.H. *(*1976*).* The Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3,* 305–360.

Jones, C.O. (1988). *The Reagan legacy: promise and performance*. Chatham: Chatham House Pub.

Jullobol, N., & Sartmool, S. (2015). The Effect of Firm Performance on Voluntary Disclosure in Annual Reports: A Case Study of Technology Industry in the Stock Exchange of Thailand. *RMUTT open Journal system 10*(2).

Kagwiria, R.L. (2015). *Effect of Talent Management on Organizational Performance in Companies Listed in Nairobi Securities Exchange in Kenya*. Unpublished PhD thesis, Juja: JKUAT.

Karimi, J.M.N. (2012). *Relationship between Intellectual Capital Accounting and Business Performance in the Pharmaceutical Firms in Kenya*. Unpublished PhD thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Kashive, N. (2013). Importance of human resource accounting practices and implications of measuring value of human capital: Case study of successful PSUs in India. *Journal of Case Research, 4*(2), 113-144.

Kerlinger, F.N., & Lee, H.B. (2000). Survey research. *Foundations of behavioral research,* 599-619.

Kothari, C.R. (2004). *Research methodology: Methods and techniques*. New Delhi: New Age International.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2002). Investor protection and corporate valuation. *Journal of finance,* 1147-1170.

Laitinen, E.K. (2002). A dynamic measurement system: Evidence from small Finnish technology company. *Scandinavian journal of Management*, 65-99.

Lajili, K., & Zeghal, D. (2006). Market performance impacts of human capital disclosures. *Journal of Accounting and Public Policy, 25*(2), 171-194.

Lang, M & Luncholm, R. (1993). Cross-sectional determinants of analysts' ratings of corporate disclosures. *Journal of Accounting Research, 31*(2), 246-271.

Lau, Y.W., & Tong, C.Q. (2008). Are Malaysian government-linked companies (GLCs) creating value? *International Applied Economics and Management Letters,* (1), 9-12.

Lee, K.J. (2010). *Purchase obligations, earnings persistence and stock returns*. Unpublished PhD thesis, Berkeley: University of California.

Lewellen, J. (2004). Predicting returns with financial ratios. *Journal of Financial Economics*, *74*(2), 209-235.

Linsley, P.M., & Shrives, P.J. (2006). Risk reporting: A study of risk disclosures in the annual reports of UK companies. *The British Accounting Review*, *38*(4), 387-404.

Mathuva, D. (2012). The Determinants of Forward-looking Disclosures in Interim Reports for Non-financial Firms: Evidence from a Developing. *International Journal of Accounting and Financial Reporting*, *2*(2), 125.

McMullen, D.A. (1996). Audit committee performance: An investigation of the consequences associated with audit committees. *Auditing*, *15*(1), 87.

Mendes-Da-Silva, W., & de Lira Alves, L.A. (2004). The voluntary disclosure of financial information on the internet and the firm value effect in companies across Latin America. In *Universidad Navarra Barcelona, 13th International Symposium on Ethics, Business and Society*.

Micah, L.C., Ofurum, C.O., & Ihendinihu, J.U. (2012). Firm's financial performance and human resource accounting disclosure in Nigeria. *International Journal of Business and Management*, *7*(14), 67.

Microsoft Corporation, (2003). SPSS 7.5 *Windows brief guide manual. USA*: New Jersey: prentice and Hall, Inc.

Morrow, S. (1999). Accounting in the Football Industry. In *The New Business of Football* (pp. 121-156). UK: Palgrave Macmillan.

Mugenda, A.G. (2008). Social science research: Theory and principles. Nairobi: Acts Press.

Mugenda, M. O., & Mugenda, A. G. (2003). Research Methods in Education: Quantitative and Qualitative Approach, Nairobi: Acts Press.

Muiruri, P.M. (2015). *Effects of Central Bank Regulatory Requirements on Financial Performance of Commercial Banks in Kenya*. Unpublished PhD thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Mwangi, L.W. (2014). *Effect of Financing Decisions on Performance of Nonfinancial Companies Listed in the Nairobi Securities Exchange, Kenya* Unpublished PhD thesis, Nairobi: Kenyatta University.

Naliaka, L.P. (2014). *Effect of profit warning on share price of companies listed at the Nairobi Securities Exchange, Kenya*. Unpublished PhD thesis, Nairobi: University of Nairobi.

Naran, P. M. (2013). *The Effect of Company Size and Voluntary Disclosure on Financial Performance of Commercial Banks in Kenya.* Unpublished MBA thesis, Nairobi: University of Nairobi.

Netten, A., Bebbington, A., Darton, R., & Forder, J. E. (2001). *Care Homes for Older People: Volume 1. Facilities, Residents and Costs*. Personal Social Services Research Unit. Retrieved from: http://www.pssru.ac.uk/pdf/chop1.pdf

Nunnally, J.C. (1978). *Psychometric theory.* New York: McGraw-Hill

O'Donovan, G. (1999). Managing legitimacy through increased corporate environmental reporting: an exploratory study. *Interdisciplinary Environmental Review, 1*(1), 63-99.

O'Donovan, G. (2002). Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. *Accounting, Auditing & Accountability Journal, 15*(3), 344-371.

Okwy, P.O. & Christopher, C.O. (2010), Human Capital Accounting and its relevance to Stock Investment Decisions in Nigeria, *European Journal of Economics, Finance and Administrative Sciences*, *21*, 64-76.

Oliveira, L., Rodrigues, L.L., & Craig, R. (2013). Stakeholder Theory and the Voluntary Disclosure of Intellectual Capital Information. *Caspian Journal of Applied Sciences Research*, *2*(3).

Olsson, B. (1999). Measuring personnel through human resources accounting reports: a procedure for management of learning. The hospital sector in northwest Stockholm. *Journal of Human Resource Costing and Accounting*, *4*(1), 49-56.

Omondi, M.M., & Muturi, W. (2013). Factors affecting the financial performance of listed companies at the Nairobi Securities Exchange in Kenya. *Research Journal of Finance and Accounting*, *4*(15), 99-104.

Orlitzky, M., Schmidt, F.L., & Rynes, S.L. (2003). Corporate social and financial performance: A meta-analysis. *Organization studies*, *24*(3), 403-441.

Pass, C. (2004). Corporate governance and the role of non-executive directors in large UK companies: an empirical study. Corporate Governance. *The international journal of business in society*, *4*(2), 52-63.

Patten, D.M. (2002). The relation between environmental performance and environmental disclosure: a research note. *Accounting, Organizations and Society*, *27*(8), 763-773.

Pava, M.L., & Epstein, M.J. (1993). How good is MD&A as an investment tool?. *Journal of Accountancy, 175*(3), 51.

Penman, S.H. (1990). Voluntary forecast disclosure, nondisclosure, and stock prices. *Journal of Accounting Research*, 49-76.

Piotroski, J. (1999). *The impact of newly reported segment information on market expectations and stock prices.* Unpublished manuscript, Chicago: University of Chicago.

Ponnu, C.H., & Okoth, M.O. (2009). Corporate social responsibility disclosure in Kenya: The Nairobi stock exchange. *African Journal of Business Management*, *3*(10), 601.

Pratheepkanth, P. (2011). Reward system and its impact on employee motivation in commercial bank of Sri lanka plc, in Jaffna district. *Global Journal of Management and Business Research*, *11*(4).

Qu, W. (2011). *A study of voluntary disclosure by listed firms in China*. Unpublished Ph.D. dissertation, Deakin: Deakin University.

Rahman Belal, A. (2001). A study of corporate social disclosures in Bangladesh. *Managerial Auditing Journal*, *16*(5), 274-289.

Rajagopalan, N., & Zhang, Y. (2008). Corporate governance reforms in China and India: Challenges and opportunities. *Business Horizons*, *51*(1), 55-64.

Reed, K.K., Lubatkin, M., & Srinivasan, N. (2006). Proposing and testing an intellectual capital-based view of the firm. *Journal of management studies*, *43*(4), 867-893.

Rezaee, Z. (2008). *Corporate governance and ethics*. New York: John Wiley and Sons.

Ross, S.A. *(*1973*).* The Economic Theory of Agency*:* The Principal's Problem, *American Economic Association, 63,* 134–139.

Roy, S. (1999). Managing Intellectual Capital: the work with the Navigator in the Skandia group. *Journal of Human Resource Costing & Accounting*, *4*(1), 59-67.

Saeedi, A., & Mahmoodi, I. (2011). Capital structure and firm performance: Evidence from Iranian companies. *International Research Journal of Finance and Economics*, *70*, 20-29.

Saleh, N.M., Iskandar, T.M., & Rahmat, M.M. (2005). Earnings management and board characteristics: Evidence from Malaysia. *Jurnal Pengurusan*, *24*(4), 77-103.

Samiloglou, F. & Demirgunes, K. (2008). The effect of working capital management on firm profitability: evidence from Turkey, *International Journal of Applied Economics and Finance*, *2*(1), 44-5.

Sandervang, A. (2000). From learning to practical use and visible results: A case in competence development from a Norwegian business firm. *Journal of Human Resource Costing and Accounting*, *5*(1), 87-100.

Sartawi, I.I.M., Hindawi, R.M., Bsoul, R., & Ali, A.E.J. (2014). Board Composition, Firm Characteristics, and Voluntary Disclosure: The Case of Jordanian Firms Listed on the Amman Stock Exchange. *International Business Research*, *7*(6), 67.

Saunders, M., Lewis, P., & Thornhill, A. (2009). Understanding research philosophies and approaches. *Research Methods for Business Students*, *4*, 106-135.

Schaltegger, S., & Burritt, R. (2000). *Contemporary environmental accounting: issues, concepts and practice* (p. 124-125). Sheffield: Greenleaf.

Schatzel, K., Strandholm, K., & Callahan, T. (2012). An educational option for those facing lay-off: a human capital perspective. *Human Resource Development International*, *15*(3), 303-319.

Schuller, T., Baron, S., & Field, J. (2000). Social capital: a review and critique. *Social capital: Critical perspectives*, 1-38.

Schuster, P., & O'Connell, V. (2006). The trend toward voluntary corporate disclosures. *Management Accounting Quarterly*, *7*(2), 1.

Shamser, M., & Annuar, M.N. (1993). Management versus shareholders' interest: Board composition, market risk and shareholder returns of Malaysian listed firms. *Malaysian Management Review, 29*, 44-52.

Spender, J.C. (1996). Making knowledge the basis of a dynamic theory of the firm. *Strategic management journal*, *17*(S2), 45-62.

Stanaland, A.J., Lwin, M.O., & Murphy, P.E. (2011). Consumer perceptions of the antecedents and consequences of corporate social responsibility. *Journal of Business Ethics*, *102*(1), 47-55.

Stanwick, P. (1998). The Relationship between Corporate Social Performance, and Organizational Size, Financial Performance, and Environmental Performance: An empirical evidence. *Journal of Business Ethics*, *17*(2), 195-204.

Stanwick, P.A., & Stanwick, S.D. (2005). Managing stakeholder interest in turbulent times: A study of corporate governance of Canadian firms. *Journal of American Academy of Business Cambridge*, *7*(1), 42.

Starovic, D., & Marr, B. (2003). *Understanding corporate value: managing and reporting intellectual capital.* England: CIMA. *Cranfied university school of management*.

Subbarao, A.V., & Zéghal, D. (1997). Human resources information disclosure in annual reports: an international comparison. *Journal of Human Resource Costing and Accounting*, *2*(2), 53-73.

Subramanian, R., Insley, R.G., & Blackwell, R.D. (2012). Performance and readability: A comparison of annual reports of profitable and unprofitable corporations. *Journal of Business Communication*, *30*(1), 49-61.

Suchman, M.C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, *20*(3), 571-610.

Sweetland, S.R. (1996). Human capital theory: foundations of a field of inquiry. *Review of Educational Research*, *66*(3), 341–59.

Telia, A.B. (1996). The statement of human resources. *Journal of Human Resource Costing and Accounting*, *1*(1), 99-116

Uyar, A., & Kiliç, M. (2012). Value relevance of voluntary disclosure: evidence from Turkish firms. *Journal of Intellectual Capital*, *13*(3), 363-376.

Van Staden, C.J. (2000). *The value added statement: bastion of social reporting or dinosaur of financial reporting?,* Palmerston North New Zealand: Massey University.

Verrecchia, R.E. (2001). Essays on disclosure. *Journal of accounting and economics*, *32*(1), 97-180.

Vuontisjarvi, T. (2006). Corporate social reporting in the European context and human resource disclosures: An analysis of Finnish companies. *Journal of Business Ethics*, *69*(4), 331-354.

Wagner, C.G. (2007). Valuing a company's innovators. *The Futurist, 41*(5), 7.

Walker, D. C. (2001). *Exploring the Human Capital Contribution to Productivity, Profitability and the Market Evaluation of the Firm*. Texas: Webster University

Walker, M., & Tsalta, A. (2001). *Corporate financial disclosure and analyst forecasting activity: preliminary evidence for the UK*. UK: Certified Accountants Educational Trust.

Walther, L.M. (1993). A case for required public forecasts. *Strategic Finance*, *74*(9), 46.

Wang, Z., Jahangir Ali, M., & Al-Akra, M. (2013). Value relevance of voluntary disclosure and the global financial crisis: evidence from China. *Managerial Auditing Journal*, *28*(5), 444-468.

Wangari, M.N. (2014). *The effect of voluntary disclosure on the financial performance of commercial banks in Kenya.* Unpublished MBA theisi, Nairobi: University of Nairobi.

Webster, C. (1993). Refinement of the marketing culture scale and the relationship between marketing culture and profitability of a service firm. *Journal of business research*, *26*(2), 111-131.

Whiting, R., & Chapman, K. (2003). Sporting Glory–The Great Intangible. *CPA Australia Magazine*, 24-28.

Wiggins, V., & Poi, B. (2001). *How do I test for panel-level heteroskedasticity*. Italy: Prentice Hall.

Wilkinson, D., & Birmingham, P. (2003). *Using research instruments: A guide for* researchers. Oxford: Oxford University

Williamson, R.W. (1984). Evidence on the selective reporting of financial ratios. *Accounting Review*, 296-299.

Wooldridge, J.M. (2003). Cluster-sample methods in applied econometrics. *The American Economic Review*, *93*(2), 133-138.

Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: putting human back into strategic human resource management. *Human Resource Management Journal*, *21*(2), 93-104.

Youndt, M.A., Subramaniam, M., & Snell, S.A. (2004). Intellectual capital profiles: an examination of investments and returns. *Journal of Management studies*, *41*(2), 335-361.

Yu, J. (2011). *The interaction of voluntary and mandatory disclosures: Evidence from the SEC's elimination of the IFRS-US GAAP Reconciliation*. Working paper.

Yuen, C.Y., Liu, M., Zhang, X., Lu, C. (2009). A case study of voluntary disclosure by Chinese enterprises. *Asian Journal of Finance and Accounting* 1:2, 118-145.

Zikmund, W.G. (2003). Sample designs and sampling procedures. *Business research methods*, *7*, 368-400.

APPENDICES

Appendix I: letter of introduction

Dear Sir/Madam

Subject: ACADEMIC RESEARCH THESIS

I am a post graduate student studying for a Doctor of Philosophy (PhD) Degree in Accounting at Jomo Kenyatta University of Agriculture and Technology (JKUAT). I wish to conduct a research in the area of Accounting. The topic is: **Voluntary Accounting Disclosures and market performance of non-financial firms listed in NSE, Kenya.**

The purpose of this letter is to request you to respond to the attached questionnaire. The information you give will be treated in strict confidence and at no time will your name or that of your firm be referred to directly. The information will be used for academic purposes only.

Thank you in advance for your time and cooperation.

Fredrick Warui Waweru

PhD Candidate

Appendix II: Study Questionnaire

This questionnaire seeks to establish the effect of voluntary accounting disclosure information on market performance of non-financial firms listed in NSE, Kenya. This study is an academic study and the information obtained through this questionnaire will be treated confidentially and will not be used for any other purpose other than academic research.

Date: _____ Questionnaire No: _____

Part I: Respondent's Information

1. Name of Organization……
2. Please state the position held in this company……
3. Kindly indicate number of years you have worked in this company

   Less than 1 year [ ]
   1- 5 years [ ]
   6– 10 years [ ]
   Over 10 years [ ]
4. What is your highest level of education you have attained?

   Diploma [ ]
   Bachelor's degree [ ]
   Master's degree [ ]
   PhD/Doctorate [ ]

PART II: VALUE ADDED STATEMENT DISCLOSURE

This section intends to establish whether non-financial firms listed in NSE disclose value added statements to its stakeholders. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly disagree	disagree	Neutral	agree	Strongly agree
Our company discloses its annual turnover statements to all its stakeholders					
Our company discloses its Bought in materials & services to all its stakeholders					
Our company discloses its Employees' wages and benefits to all its stakeholders					
Our company discloses its dividends and interests payables to all its stakeholders					
Our company discloses its annual tax payable to all its stakeholders					
value added statement disclosure have a significant effect on market performance of non-financial firms listed					

PART III: FORWARD-LOOKING INFORMATION DISCLOSURE

This section intends to establish whether non-financial firms listed in NSE discloses Forward-looking information to its stakeholders. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The company discloses its Forecasted financial statements to all stakeholders					
The company discloses its short term targets to all stakeholders					
The company discloses its long term targets to all stakeholders					
Our company issues profit warnings to all stakeholders					
Our company discloses its future prospects to all stakeholders					
Forward-looking information disclosure have a significant effect on market performance of non-financial firms listed					

PART IV: HUMAN RESOURCE ACCOUNTING INFORMATION DISCLOSURE

This section intends to establish whether non-financial firms listed in NSE discloses Human Resource Accounting Information to its stakeholders. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The company discloses the number of experts its hires to all stakeholders					
The company discloses profits generated per experts to all stakeholders					
Our company discloses its total number of staff to all its stakeholders					
Our company discloses every employees qualifications to all stakeholders					
Our company disclosures the cost of human resources to all stakeholders					
Human Resource Accounting Information disclosure have a significant effect on market performance of non-financial firms listed					

PART V: SOCIAL-ACCOUNTING INFORMATION DISCLOSURE

This section intends to establish whether non-financial firms listed in NSE discloses Social-accounting information to all stakeholders. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The company discloses environmental accounting information to all stakeholders					
The company discloses its corporate social responsibility costs to all stakeholders					
Our company discloses the cost of community involvement programs to all stakeholders					
Our company discloses its fair business practices to all stakeholders					
Our company discloses its social and environmental performance to all stakeholders					
Social-accounting information disclosure have a significant effect on market performance of non-financial firms listed					

PART VI: MANAGEMENT DISCUSSIONS & ANALYSIS DISCLOSURE

This section intends to establish whether non-financial firms listed in NSE discloses Management discussions & analysis to all stakeholders. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The company discloses business risk information to all stakeholders					
The company discloses its Future prospects to all stakeholders					
Our company discloses contractual obligations to all stakeholders					
Our company discloses its Contingent Liabilities to all stakeholders					
Our company discloses Contingent Commitments to all stakeholders					
Management discussions & analysis disclosure have a significant effect on market performance of non-financial firms listed					

PART VII: CORPORATE GOVERNANCE ATTRIBUTES

This section intends to establish the moderating effects of corporate governance attributes on voluntary accounting disclosures. Please respond to the following statements by ticking in the appropriate box corresponding to each statement.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Corporate governance attributes influence voluntary disclosure in annual reports					
Audit committee plays a significant role in influencing voluntary disclosures in annual reports.					
Proportion of non-executive directors on the board is associated with the extent of voluntary disclosure in annual reports					
Board composition has an impact on the level of voluntary disclosures in the annual reports					
Board size influence voluntary disclosures in annual reports.					
corporate governance attributes have moderating effect on voluntary disclosures in the annual reports and market performance of non- financial firms listed in NSE					

Part VIII: MARKET PERFORMANCE

1. Kindly indicate the following figures for your firm in years specified

Firm Value-Tobin's Q Ratio

Market-based measurement	**2011**	**2012**	**2013**	**2014**	**2015**
Market Capitalization					
Total Assets					
TOBIN'S Q RATIO = Market Capitalization/Total assets					

SECTOR/SEGMENT	COMPANY
AGRICULTURAL	1 Eaagads Ltd
	2. Kapchorua Tea Co. Ltd
	3. Kakuzi ltd.
	4. Limuru Tea Co. Ltd
	5. Rea Vipingo Plantations Ltd
	6. Sasini Ltd
	7. Williamson Tea Kenya Ltd
COMMERCIAL AND SERVICES	8. Express Ltd
	9. Kenya Airways Ltd
	1010. Nation Media Group
	11. Standard Group Ltd
	12. TPS Eastern Africa (Serena)
	13. Scangroup Ltd
	14. Uchumi Supermarket Ltd
	15. Hutchings Biemer Ltd
	16. Longhorn Kenya Ltd
TELECOMMUNICATION AND TECHNOLOGY	17. Safaricom Ltd
AUTOMOBILES AND ACCESSORIES	18 Car and General (K) Ltd
	19 CMC Holdings Ltd
	20. Sameer Africa Ltd
	21. Marshalls (E.A.) Ltd
BANKING	22 Barclays Bank Ltd
	23 CFC Stanbic Holdings Ltd
	24. I&M Holdings Ltd
	25 Diamond Trust Bank Kenya Ltd
	26 Housing Finance Co Ltd
	27 Kenya Commercial Bank Ltd
	28 National Bank of Kenya Ltd
	29 NIC Bank Ltd
	30. Standard Chartered Bank Ltd
	31 Equity Bank Ltd
	32 The Co-operative Bank of Kenya Ltd
INSURANCE	33. Jubilee Holdings Ltd
	34 Pan Africa Insurance Holdings Ltd

	35. Kenya Re-Insurance Corporation Ltd
	36 Liberty Kenya Holdings Ltd
	37. British-American Investments Ltd
	38 CIC Insurance Group Ltd
INVESTMENT	39 Olympia Capital Holdings ltd
	40. Centum Investment Co Ltd
	41. Trans-Century Ltd
	42. Home Afrika Ltd
	43.Flame Tree Group Holdings
	44Kurwitu Ventures Ltd
MANUFACTURING AND ALLIED	45. B.O.C Kenya Ltd
	4.6 British American Tobacco Kenya Ltd
	47. Carbacid Investments Ltd
	48 East African Breweries Ltd
	49. Mumias Sugar Co. Ltd
	50 Unga Group Ltd
	51. Eveready East Africa Ltd
	52. Kenya Orchards Ltd
	53. A.Baumann CO Ltd
CONSTRUCTION AND ALLIED	54 Athi River Mining
	55. Bamburi Cement Ltd
	56. Crown Berger Ltd
	57. E.A.Cables Ltd
	58. E.A.Portland Cement Ltd
ENERGY AND PETROLEUM	59 KenolKobil Ltd
	60. Total Kenya Ltd
	61. KenGen Ltd Ord
	62. Kenya Power & Lighting Co Ltd
	63. Umeme Ltd