



THE RELATIONSHIP BETWEEN VOLUNTARY DISCLOSURES AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN ANGLOPHONE-WEST AFRICA

Miatta M Varmah

School of Economics and Management, Southwest Jiaotong University, China

miattavarmah92@gmail.com

Abstract

This study objective was to determine the association between voluntary disclosure and commercial bank financial performance in Anglophone West Africa. The study also looked at how corporate governance (board size) affects the link between voluntary disclosure and financial performance. The study utilized purposeful sampling to choose sample banks depending on their criteria to select 39 banks registered commercial banks in Anglophone-West Africa from 2010 to 2020. The research employed the two-step system GMM model of estimation using STATA 13 software to analyze the data. The research findings revealed a significant and positive association between voluntary disclosure and financial performance. Similarly, the research showed a significant and positive effect of corporate governance (board size) that enhances the relationship between voluntary disclosure and financial performance.

Keywords: Voluntary Disclosure, Financial Performance, Anglophone, Commercial Banks, General Accepted Accounting Principles

INTRODUCTION

Small, medium, and large businesses and governmental and non-governmental organizations are all working hard these days to satisfy and earn the trust of their stakeholders. Due to stakeholder dissatisfaction with traditional mandated financial reporting, a surge in demand for more detailed voluntary disclosure has emerged (Jeewantha et al., 2015). Financial reporting and disclosure are critical tools that enable executives to communicate their

company's performance and governance procedures to investors and the general public (Healy & Palepu, 2001a). A successful financial report should inspire confidence and go above and beyond in providing relevant optional information to meet the needs of all users (Chima, 2012). The purpose of disclosure is to provide information used to make better investment decisions, reduce uncertainty, and increase the firm's value (Bartkus et al., 2004). Accounting research has recently focused on disclosure due to the importance of accounting information in the decision-making of internal and external users (Jouirou & Bechir, 2014). The main reason for this is that major capital market financial crises occurred in the last decade: Enron in 2001, WorldCom in 2002, Tyco in 2002, Freddie Mac in 2003, and Lehman Brothers in 2008. The scandals were blamed on unscrupulous accounting techniques, corporate governance failures, and weaknesses. The Sarbanes-Oxley Act of 2002 was enacted in response to the financial disaster of Enron in 2001 to protect shareholders, employees, and the general public from accounting errors and dishonest economic activities. Implementing corporate governance improves internal control and leads to better professional judgment. According to (Akhtaruddin et al., 2009), the goal of corporate governance is to protect stakeholders' interests and maximize their benefits by providing more information, which leads to higher values and fewer anomalies. According to (Healy & Palepu, 2001b) research, asymmetry of knowledge and agency conflicts has fueled the need for financial disclosures in the recent past.

Furthermore, information asymmetries increase costs by introducing adverse selection into stock transactions between buyers and sellers; adverse selection is commonly manifested as lower stock liquidity levels (Glosten & Harris, 1988). According to (Indjejikian, 2007), investors are savers who want to get the most out of their money by investing it in a "good" company. Despite these concerns, (Healy & Palepu, 2001) discovered that information irregularity makes it difficult to link savings to company investment opportunities; managers have a better understanding of businesses than investors, which leads to the agency problem.

The agency problem occurs when the managers' interests conflict with those of the investors. Corporate disclosures are one way to keep an eye on managers' actions that could lead to a conflict of interest. Managers transmit private information about a company to the capital markets in two ways: mandatory financial reporting and voluntary disclosure. According to research (Leuz & Schrand, 2009), the voluntary or compulsory disclosure of information causes changes in stock price and liquidity for publicly traded corporations.

Problem Statement

As the financial industry has become more globalized, the demand for corporate financial reporting has increased. Annual reports must include financial and non-financial

information (Mahboub, 2019). Accounting reporting has several goals, one of which is to assist users of the data in predicting the returns on their investments. Voluntary information is also essential for providing a pure picture to investors regarding the business's long-term viability and plummeting agency conflict and information asymmetry among market members (Healy & Palepu, 2001a). Because the financial data provided by management affects the stock returns of investment in the stock market (Biot-Paquerot & Hasnaoui, 2009), market participants strive to eliminate information asymmetry by using high-quality financial information (Kothari, 2000). Nigeria's capital market authorities (CMA) provide crucial information on trade operations through their yearly reports, exchange market, and other bulletins (Yusuf Sukman, 2017). Encourages companies to provide as much information as possible, similar to other exchanges, so that stock prices on the exchange reflect the most up-to-date information (Agyemang et al., 2019). According to the literature, firms with effective corporate governance, particularly corporate reporting, can very cheaply raise capital from the markets through voluntary disclosures.

Furthermore, the larger the disclosures, the more accurately stock prices represent the entire truth, allowing investors to decide which company to invest in (Muinamia, 2013). Many academicians have shown increasing attention in voluntary disclosure procedures throughout the years. Researchers have previously looked into the relationship between voluntary disclosure and a variety of factors, including profitability (Verrecchia & Weber, 2006), cost of equity capital (Botosan, n.d.), stock liquidity, and the relevance of voluntary disclosure (Uyar et al., 2013). However, the majority of these studies were conducted in developed markets, with only a few studies conducted in developing countries. Notably, the majority of the research focuses on the factors that influence voluntary disclosure (Leung & Philomena, 2013; Mathuva et al., 2015; Shahinul & Bhuyan, 2018; Shehata, 2014; Wang et al., 2008; Zeghal et al., 2007). However, there is a scarcity of research on the relationship between voluntary disclosures and commercial bank financial performance in developing countries (For Example, Anglophone-West Africa). In recent years, the sudden failure of many large banks across the region has caused a lot of doubt in the minds of stakeholders, leading to a lack of trust in the excellence of information disclosed by firms. According to the Securities and Exchange Commission report (2018), the failure of these companies was a result of insufficient information disclosure by their management.

Furthermore, the report stated that all the bank's losses resulted from inadequate corporate governance and information reporting. Corporate data users worldwide have raised their expectations for mandatory and voluntary disclosure to suit their needs. Voluntary disclosure by financial institutions in the region remains unsatisfactory despite introducing

several financial reporting standards by the Security and Exchange Commission (SEC) and other regulatory boards. There's also no experimental evidence on whether commercial banks' voluntary disclosures increase financial performance. As a result, the study aims to add to the body of knowledge by evaluating the association between voluntary disclosures and commercial bank financial performance in emerging nations (Anglophone-West Africa). The extent to which various voluntary disclosures affect an entity's profitability is an unanswered question. Previous researchers have left a gap by lumping all classes of voluntary disclosures together when analyzing the relationship between voluntary disclosure and financial performance, which could explain the conflicting views advanced by various scholars, resulting in a dilemma that demands further investigation and study of the relationship between voluntary disclosure and financial-based performance of enterprises in developing countries. We further examined the moderating effect of corporate governance mechanism (board size) on the relationship between voluntary disclosure and financial performance in Anglophone-west Africa commercial banks. We contribute to the literature on voluntary disclosure and financial performance by including commercial banks from all the countries in Anglophone-west Africa (Nigeria, Ghana, Gambia, Liberia, and Sierra Leone).

LITERATURE REVIEW

The literature on voluntary disclosure and financial performance is inconclusive. Some researchers have found a positive relationship, while others have found a negative relationship between the two variables. For example, (Al-Sartawi & Reyad, 2019) employed three profitability measures, namely, return on Asset (ROA), return on Equity (ROE), and earnings per shares (EPS), to investigate the relationship between online financial disclosure and profitability of Islamic banks in the Gulf Cooperation Council (GCC) countries. The study found an insignificant negative relationship between online financial disclosure (OFD) and profitability. (Krisdayanti, 2019) used 22 companies listed on the Indonesian Stock Exchange (ISE) from 2012 to 2014 to examine the voluntary disclosure of the company's performance and conclude that voluntary disclosure does not affect the company's performance. (Al-Homaidi et al., 2020) examined the extent of voluntary disclosure level in Yemeni Islamic Banks using a self-constructed disclosure index for ten (10) years from 2005 to 2014. They conducted that voluntary disclosure negatively affected the banks' performance during the sampled period.

On the other hand, (Gitonga Lilian Kendi, 2017) goal was to conduct an empirical investigation of the association between voluntary disclosures and financial performance of NSE-listed companies. The results showed a strong positive association between voluntary disclosure and financial performance. The impact of voluntary disclosure (VD) and corporate

governance (C.G.) on firm performance in Pakistan's non-financial sector was explored by (Ahmad et al., 2018). The sample size included 300 firm-year observations from Pakistan's non-financial industry from 2002 to 2016. The findings suggest that certain aspects of the V.D. and C.G. mechanisms are critical for improved firm performance. Earnings per share and Return on Assets were positively impacted by the Board Independence and the disclosure of product information (ROA). On the other hand, CEO duality showed a large but unfavorable relationship with business performance. While board size and future plan disclosure have no effect on corporate performance.

While (Tabash, 2019) examined the level of disclosure on Islamic banks' performance in the United Arab Emirates (UAE) from 2009 to 2013. The two-stage least square regression results revealed a positive significant relationship between the banks' performance and disclosure. Further (Yu et al., 2020) suggest that voluntary disclosure in annual reports has a positive impact on market share and cash flow from financing activities in Korean firms. Based on the review of previous studies, we hypothesized that:

H0: there is a significant positive relationship between voluntary disclosure and financial performance of commercial banks in Anglophone-west Africa.

Corporate governance is used to determine firm performance and protect the interest of shareholders. The corporate governance practice is strongly influenced by the parties involved in a company's management system, such as shareholders, investors, creditors, employees, and the government. Transparency, accountability, responsibility, independence, and fairness are sound corporate governance principles. In India, (Bhatt & Bhatt, 2017) examined the impact of corporate governance on firm performance using large manufacturing companies from 2001 to 2010. Their study found that large boards are associated with a greater depth of intellectual knowledge, which helps improve decision-making and enhance the company's performance. In China (Zhou, 2019) investigated the effect of corporate governance on the decision to disclose voluntary corporate social responsibility (CSR) reports by employing a unique longitudinal set of publicly traded firms from 2010 to 2016. His study revealed that ownership structure and board characteristics were significantly link with the decision to voluntarily disclose CSR reports. Board size, managerial ownership, and institutional ownership had a positive and significant association with the decision to disclose CSR reports in particular. However, a negative but significant link was found between board independence and the decision to disclose CSR reports.

While in Nigeria, (Okoye et al., 2020) looked into the relationship between governance practices and bank profitability. Return on assets and Equity were used as proxies for financial performance, while the size of the bank board and directors' share were used as proxies for

corporate governance. The company's size was used as a controlled variable in the study. The Generalized Method of Moments (GMM) estimates to analyze the data. The research found that board size, directors' Equity, and business size all had a significant impact on the financial performance of Nigerian banks. The study further demonstrates that lagged return on Equity significantly impacts present performance given the importance of financial intermediaries in the developing economy, particularly the banking industry, the high level of sensitivity to possible challenges stemming from poor governance procedures, and the need to protect depositors' funds. Poor corporate governance can lead to bank failures and a loss of trust in a bank's capacity to handle its assets and liabilities, including deposits, leading to a bankruptcy or liquidity crisis. Scholars have claimed that quality disclosure, as indicated by business transparency, can minimize information asymmetry and lead to a lower cost of capital, so the value of effective corporate governance is undeniable. Based on the findings of (Okoye et al., 2020), we hypothesize that:

H2: Corporate governance enhances the relationship between voluntary disclosure and financial performance of commercial banks in Anglophone-west Africa.

RESEARCH METHODOLOGY

This study examined the relationship between voluntary disclosure and the financial performance of commercial banks in Anglophone-west Africa. We also examined the moderating effect of corporate governance mechanism (board size) on the relationship between voluntary disclosure and financial performance. The study employed Return on Asset (ROA) and Return on Equity (ROE) as dependent variables. Voluntary disclosure was used as the independent variable. Further, firm size, firm age, Leverage, political Stability, control of corruption, GDP, and Inflation were used as control variables. The data used in the study were collected from audited annual reports of thirty-nine (39) commercial banks websites and the World Bank database for 11 years ranging from 2010 to 2020. The was limited to 11 years due the completeness, reliability, and time limit of the study.

The dynamic estimation model was used to analyse the relationship between the dependent and independent variables. The two-step system GMM estimator of Arellano and Bond (1991) was employed in this study, based on a pooled data set of cross-country observations. The GMM estimation model address the endogeneity problem and give reliable estimates, even in measurement error. Further, this model provides asymptotically efficient inference assuming minimal statistical assumptions (Arellano and Bover (1995) and Blundell and Bond (1998). Additionally, the benefit of applying the two-step system GMM over others helps eliminate the non-observed effects on the regression. The estimates are consistent even

in the case of omitted variables. The regression analysis was performed in the first equation to access the relationship between voluntary disclosure and financial performance.

$$ROA_{t+1} = \beta_0 + \alpha_1 VD_t + \alpha_2 FS_t + \alpha_3 FA_t + \alpha_4 LEV_t + \alpha_5 PS_t + \alpha_6 CC_t + \alpha_7 GDP_t + \alpha_8 INFLA_t + Year + \varepsilon$$

$$ROE_{t+1} = \beta_0 + \alpha_1 VD_t + \alpha_2 FS_t + \alpha_3 FA_t + \alpha_4 LEV_t + \alpha_5 PS_t + \alpha_6 CC_t + \alpha_7 GDP_t + \alpha_8 INFLA_t + Year + \varepsilon$$

Where: ROA- return on Asset, ROE- return on equity, V.D.- voluntary disclosure, FS-firm size, F.A.- firm age, LEV- Leverage, P.S.- political Stability, CC- control of corruption, GDP- gross domestic product (growth), and INFA- Inflation. β_0 = constant; $\alpha_1 - \alpha_8$ =coefficient to be estimated.

The moderating effect of the corporate governance mechanism (board size) was tested in the second regression on the relationship between voluntary disclosure and financial performance.

$$ROA_{t+1} = \beta_0 + \alpha_1 VD_t + \alpha_2 BS_t + \alpha_3 VD_t * BS_t + \alpha_4 FS_t + \alpha_5 FA_t + \alpha_6 LEV_t + \alpha_7 PS_t + \alpha_8 CC_t + \alpha_9 GDP_t + \alpha_{10} INFLA_t + Year + \varepsilon$$

$$ROE_{t+1} = \beta_0 + \alpha_1 VD_t + \alpha_2 BS_t + \alpha_3 VD_t * BS_t + \alpha_4 FS_t + \alpha_5 FA_t + \alpha_6 LEV_t + \alpha_7 PS_t + \alpha_8 CC_t + \alpha_9 GDP_t + \alpha_{10} INFLA_t + Year + \varepsilon$$

Where: ROA- return on Asset, ROE- return on equity, V.D.- voluntary disclosure, B.S.- board size, FS-firm size, F.A.- firm age, LEV- Leverage, P.S.- political Stability, CC- control of corruption, GDP- gross domestic product (growth), and INFA- Inflation. β_0 = constant; $\alpha_1 - \alpha_{10}$ =coefficient to be estimated.

Table 1: Definition of variables

Variable	Measurement	Acronym
Dependent Variables		
Financial Performance	Return on Asset is the net income before tax/average total assets at t+1	ROA
	Return on Equity is the net income before tax/ Average Shareholder's Equity at t+1	ROE
Independent		
Voluntary Disclosure	The average (50) voluntary disclosure index identified by the researcher at t. V.D. is a binary variable	VD
Board size	Total members on the bank's board at t	B.S.
Control Variables		
F.S.	Firm Size- natural logarithm of total Asset at t	FS
FA	Firm Age- natural logarithm of the firm age at t	F.A.
Leverage	Total liabilities divided by total Asset at t	Lev
Political Stability	Per annual (%)	PS
Control of corruption	Per annual (%)	CC
GDP-growth	GDP-growth per annual (%)	GDP
Inflation, consumer price	Inflation, consumer price (annual %)	INFLA

FINDINGS

Table 2: Descriptive Statistics

Summary statistics, using the observation 2010-2020

Variables	Mean	Std.Dev	Min	Max	Obs
ROAt+1	0.0346	0.0600	-0.5388	-0.6098	390
ROEt+1	0.4607	0.7172	-1.2807	5.1967	390
VD	0.9376	0.0213	0.8600	0.9600	390
GSCI	0.9038	0.0483	0.6666	0.9166	390
FI	0.9316	0.0105	0.8666	0.9333	390
FLI	0.9054	0.0676	0.8750	1	390
SEBI	0.9828	0.0371	0.8750	1	390
BS	10.1210	3.092	5	17	390
FS	15.650	3.3471	7.754	23.974	390
FA	2.9770	0.934	0	4.82	390
LEV	4.006	14.234	0.0870	29.995	390
PS	-0.6790	0.908	-2.211	0.245	390
CC	-0.4500	0.284	-0.9510	0.011	390
GDP	4.0780	5.214	-20.598	20.7150	390
Infl	8.4620	4.430	0	23.5630	390

The study used descriptive statistics to analyze and summarize the variables in the study. The data consist of 39 commercial banks in Anglophone-west Africa from the spanning period 2010 to 2020. The mean return on assets (ROA) was 0.0346 percent, with a minimum of -0.5388 percent and a maximum of 0.609 percent. During the sampled period, commercial banks in Anglophone-west Africa earned an average of 3.46 cents profit before tax for every dollar invested in their assets. The standard deviation for ROA was 0.0603 percent, indicating that there was a lot of variation between the sampled banks. With a minimum of -1.2807 percent and a maximum of 5.1967 percent, the second dependent variable ROE, had a mean of 0.4607 percent. The standard deviation for ROE was 0.7172, indicating that there was a lot of variation between the sampled banks. The results show that commercial banks in Anglophone-West Africa earned an average of 46.07 percent return on Equity before tax on their Equity during the period under consideration.

Voluntary disclosure had a mean value of 0.9376 percent, with a minimum, maximum, and standard deviation of 0.8600, 0.9600, and 0.0213. The board size showed a mean value of 10.1210 percent, a minimum, and a maximum of 5 and 17, respectively. The board size standard deviation was 3.0926 percent. Firm size had a mean of 15.6506 percent, with a maximum of 23.9740 percent and a minimum of 7.5740 percent. Firm size had a standard deviation of 3.4787 percent. Firm age had a mean value of 2.9772 percent, with maximum and minimum values of 4.8202 percent and 0, respectively. Leverage had a mean value of 4.0067 at

the same time. The maximum Leverage, minimum Leverage, and standard deviation were 29.995 percent, 0.0877 percent, and 14.2318 percent.

The mean value for Political Stability among commercial banks in Anglophone West Africa was -0.6796 percent, with a minimum of -2.2111 percent, a maximum of 0.2453 percent, and a standard deviation of 0.9089 percent. Control of corruption had a mean value of -0.4502 percent, with a low of -0.9510 percent, a high of 0.0115 percent, and a standard deviation of 0.2849 percent. GDP growth had a mean value of 4.0784 percent, with a maximum of 20.7157 percent, a minimum of -20.5987 percent, and a standard deviation of 5.2141 for macroeconomic variables. At the same time, Inflation averaged 8.4622 percent, with a maximum of 23.5635 percent, a minimum of 0, and a standard deviation of 4.4309 percent.

A technique for determining the degree to which two or more variables are associated with or related to one another is called a correlation (Bolker et al., 2009). This study used the Pearson product-movement coefficient, also known as Pearson correlation, as the most commonly used bivariate correlation statistic. Table 3 shows the correlation matrix between the dependent and independent variables used in the analysis. The positive correlation value for ROA and voluntary disclosure is 0.036, which is not statistically significant. On the other hand, voluntary disclosure has a positive correlation value of 0.253, which is statistically significant at 1% for ROE.

The result in table 3 shows a positive correlation value of 0.013 and 0.040 for board size, respectively, but not statistically significant for ROA and ROE. The negative correlation value for ROA is 0.045, but the positive correlation value for ROE is 0.066, which is not statistically significant. Similarly, the firm age resulted in a negative correlation of 0.002 for ROA but a positive correlation of 0.016 for ROE, which is not statistically significant. Simultaneously, the Leverage result shows a positive correlation of 0.118, statistically significant at 5% for ROA. On the other hand, Leverage has a negative correlation value of 0.050 for ROE, which is not statistically significant. Political Stability shows a positive correlation value of 0.097 for ROA, which is statistically significant at 10%. At the same time, the result of political Stability shows a positive correlation value of 0.317 for ROE, which is statistically significant at 1%. Simultaneously, the Control of Corruption result reveals a positive correlation value of 0.133 for ROA, which is statistically significant at 5%. The control of corruption and ROE has a positive correlation value of 0.318, which is statistically significant at 1%. The result for GDP shows a positive correlation value of 0.031 for ROA, which is statistically insignificant. For GDP and ROE, the result shows a positive correlation value of 0.133, which is statistically significant at 5%. Finally, the inflation (INFL) result shows a positive correlation value of 0.060 for ROA, which

is statistically significant but not statistically significant. For Inflation and ROE, the result shows a positive correlation value of 0.105, which is statistically significant at 5%.

Table 3. Pearson Correlation between dependent and independent variables

Variables	ROA	ROE	TVD	BS	FS	FA	LEV	PS	CC	GDP	INFL
ROA	1.000										
ROE	0.516***	1.000									
TVD	0.036	0.253***	1.000								
BS	0.013	0.040	0.350***	1.000							
FS	-0.045	0.066	0.020	0.293***	1.000						
FA	-0.001	0.016	0.094*	0.423***	0.341***	1.000					
LEV	0.118**	-0.050	0.196**	0.078	0.144**	0.091*	1.000				
PS	0.097*	0.317***	-0.649***	0.572***	0.233***	-0.354***	0.242***	1.000			
CC	0.133**	0.318***	-0.425***	0.162***	0.024	0.144***	0.041	0.435***	1.000		
GDP	0.031	0.133**	-0.182**	-0.047	0.063	0.107**	-0.054	0.222***	0.273***	1.000	
INFL	0.060	0.105**	-0.281**	0.118**	0.053	0.066	0.121**	0.356***	0.311***	0.051	1.000

Note:***, **&*significant at 1%, 5%, and 10%, respectively

Table 4: The relationship between voluntary disclosure and financial performance Two- SysGMM Results

Variables	ROAt+1	ROEt+1
ROAt/ROEt	0.0614(0.000) ***	0.0745(0.000) ***
TVD	0.6401(0.000) ***	0.6385(0.000) ***
FS	0.0040(0.000) ***	0.1922(0.000) ***
FA	0.0074(0.0002) ***	0.4143(0.000) ***
LEV	0.0090(0.000) ***	0.0019(0.000) ***
PS	-0.0110(0.000) ***	-0.0307(0.186)
CC	-0.0110(0.000) ***	-0.2195(0.000) ***
GDP	0.006(0.000) ***	0.0171(0.000) ***
INFL	-0.0020(0.000) ***	-0.0260(0.000) ***
CONSTANT	-0.5367	-0.401
F-Statistics	3315.32	418336.25
Prob>Chi2	0.000	0.000
Year Dummy	YES	YES
No.Obs	389	389
Group Instruments	39/25	39/25
AR(2)	0.577	0.787
Sargan Test	0.983	0.985

Note: ***, statistically significant at 1% level, the p-value (in parenthesis) Source: Research's computation with data from stata13

Tables 4 present the study's empirical findings based on a two-step system of the GMM estimation method that tested the relationship between voluntary disclosure and financial performance. To assess the robustness of the model, a diagnostic test was carried out. As a result, the Sargan test yielded a value 0.983 and 0.985 for ROA and ROE, respectively, which were valid because they exceeded the 0.01 significance level. There is no evidence of over-identifying restrictions in the Sargan test results. As a result, it confirms that all instruments in the model are valid. We also check the instruments' validity using the AR (2) test, which yields p-values of 0.577 and 0.787 for ROA and ROE, respectively, indicating no second-order serial correlation in the first-differenced residuals.

According to the estimate, the current ROA and ROE are significantly affected by the lagged of both return on assets (ROA) lag 1 and return on Equity (ROE) lag 1. The findings show that the past trend significantly impacts current return on assets (ROA) and Equity (ROE). For voluntary disclosure and returns on assets (ROA), the result shows a positive coefficient value of 0.6401, which is statistically significant at 1%. Holding all other variables constant, the result indicates that a 1% increase in voluntary disclosure leads to a 64.01 percent increase in ROA. For the second dependent variable, return on investment (ROI), the coefficient of 0.6385 is positive and statistically significant at 1%. Holding all other variables constant, the results show that voluntary disclosure has a significant positive relationship with financial performance as measured by return on assets (ROA) and Return on Equity (ROE), with a 1% increase in voluntary disclosure leading to 64.01 percent and 63.85 percent increases in financial performance, respectively.

Hypothesis H1 was validated, as shown in Table 4 regression results. Voluntary disclosure has a significant positive relationship with ROA and ROE, implying that voluntary disclosure improves current financial performance. Our findings support those of (Assidi, 2020; Gupta & others, 2019; Platonova et al., 2018), which show that voluntary disclosure in annual reports improves firm performance and helps investors make better decisions.

The firm size coefficient value of 0.0040 is positive and statistically significant at 1%. The result implies that a 1% increase in firm size will result in a 0.4 percent increase in ROA if all other variables remain constant. At 1%, the coefficient value of 0.1922 for firm size and ROE is positive and statistically significant, indicating that a 1% increase in firm size will result in a 19.22% increase in ROE, assuming all other variables remain constant. Our findings are consistent with the findings of (Elshaday et al., 2018), who stated that the larger the bank, the more economies of scale it will have, and thus the more profitable it will be. The result shows a positive coefficient value of 0.0074 for firm age and ROA, statistically significant at 1%. The result means that all other variables remain constant; a 1% increase in firm age will result in a

0.74 percent increase in ROA. Further, the result shows a positive coefficient value of 0.4143 for firm age and ROE, which is statistically significant at 1%, indicating that holding all other variables constant, a 1% increase in firm age will result in a 41.43 percent increase in ROE. This outcome is in line with the (Yusuf, 2018). The result for Leverage and ROA is a positive and statistically significant 1 percent with a coefficient value of 0.0009, indicating that a 1 percent increase in Leverage will result in a 0.09 percent increase in ROA when all other variables are held constant. The result also shows a positive and statistically significant 1 percent correlation between Leverage and ROE with a coefficient of 0.0019, indicating that if all other variables remain constant, a 1 percent increase in Leverage will result in a 0.19 percent increase in ROE. This is in line with the findings of the study (Abeywardana & Panditharathna, 2016).

According to the results, external variables and financial performance have a mixed relationship. For political Stability and ROA, the result shows a negative coefficient value of -0.0110, which is statistically significant at 1%. The result implies that a 1% increase in political Stability will result in a 1.1 percent decrease in ROA if all other variables remain constant. For political Stability and ROE, the result also shows a negative coefficient of 0.0307, which is statistically significant at 1%. The result implies that a 1% increase in political Stability will result in a 3.07 percent decrease in ROE if all other variables remain constant. This finding aligns with previous research findings (Hosny, 2020). The primary causes of political instability's negative impact on financial performance are losses due to looting and extortion, a drop in productivity due to security concerns, and a shift in demand (Oudraogo et al., 2020).

Control of Corruption shows a negative coefficient value of 0.0095, which is statistically significant at 1% for ROA. Holding all other variables constant, the result indicates that a 1% increase in corruption control leads to a 0.95 percent decrease in ROA. At the same time, the result for corruption control and return on Asset (ROA) has a negative coefficient value of 0.2195, which is statistically significant at 1%. Holding all other variables constant, the result shows that a 1% increase in corruption control leads to a 21.95 percent decrease in ROE. This finding is in line with the findings of (Nobanee et al., 2020), who found that banks and financial market regulators improve anti-corruption practices within financial institutions to improve transparency and performance.

Furthermore, for GDP growth, the results show a positive coefficient value of 0.0006, which is statistically significant at 1% for ROA. The result indicates that a 1% increase in GDP growth will result in a 0.06 percent increase in ROA if all other variables remain constant. Simultaneously, the GDP growth and ROE results show a positive coefficient value of 0.0171, statistically significant at 1%. According to the findings, a 1% increase in GDP growth will result

in a 1.71 percent increase in ROE if all other variables remain constant. Our findings support the findings of (Gautam, 2018), which show that GDP positively impacts financial performance. The result indicates that Inflation has a negative coefficient value of 0.0002 and that ROA is statistically significant at 1%. The result suggests that a 1% increase in Inflation will result in a 0.02 percent decrease in ROA if all other variables remain constant. The Inflation and ROE also have a negative coefficient of 0.0260, statistically significant at 1%. Keeping all other variables constant, the result shows that a 1% increase in the return on Asset (ROA) will fall by 2.6 percent due to Inflation. Our study finding is consistent with the study of (Almansour & Almansour, 2016; Ongore & Kusa, 2013).

Table 5: The effect of corporate governance(board size) on the relationship between voluntary and financial performance two- SysGMM regression Results

Variables	ROAt+1	ROEt+1
ROAt/ROEt	0.0473(0.000) ***	0.3206(0.000) ***
VD	0.4959(0.010) ***	0.0672(0.044) **
BS	0.0112(0.000) ***	0.0235(0.000) ***
TVD*BS	0.0257(0.000) ***	0.0714(0.000) ***
FS	0.0029(0.000) ***	0.0249(0.000) ***
FA	0.0058(0.000) ***	0.0670(0.000) ***
LEV	0.0012(0.073) *	0.0018(0.000) ***
PS	-0.0175(0.000) ***	-0.0854(0.002) ***
CC	-0.0098(0.000) ***	-0.0079(0.000) ***
GDP	0.0066(0.000) ***	0.0037(0.000) ***
INFLA	-0.0029(0.165)	-0.0333(0.000) ***
Constant	-0.3764	0.1525
F-Statistics	9163.78	2330.18
Pro> Chi2	0.000	0.000
Year Dummies	Yes	Yes
AR2	0.6560	0.997
Sargan Test	0.9814	0.9907

Notes: ***,**,* are statistical significant at 1%,5%, and 10% levels respectively with p-value (in parenthesis).Source: Research's computation with data form Stata13

Moderating the effect of corporate governance (board size) relationship between voluntary disclosure and financial performance was measured in Model 2 regression analysis. The test shows no evidence that the model's parameters are too restrictive. Second-order correlation in first-differenced residuals was absent in the AR (2) test, which confirmed that model instruments were valid.

Both ROA and ROE have significant p-values of lagged dependent variables of 1 percent. Lagged dependent variables thus support the dynamic character of the model specification. Both ROA and ROE's lagged effects significantly impact current performance. For ROA and

voluntary disclosure, a coefficient value of 0.4959, significant at 1%, was found in model 3. With the remaining factors constant, the ROA will rise by 49.59 percent, with a 1 percent boost from voluntary disclosures alone. For both voluntary disclosure and return on Equity, the coefficient value of 0.3206 is statistically significant at 5%. A 1% increase in voluntary disclosure will result in a 32.06 percent increase in ROE if all other factors remain the same. It has a positive coefficient of 0.0112 for ROA and 0.0235 for ROE in board size. If all other factors remain the same, increasing the board size by 1% results in a 1.12 percent and 2.35 percent increase in ROA and ROE. A large board of directors is associated with better financial performance for banks, which supports the idea that better decisions can be made because of the wealth of knowledge and experience that comes with a larger number of board members. This finding supports the research findings of (Ene & Bello, 2016; Uchenna et al., 2017).

Regression analysis was performed to determine the moderating effect of corporate governance (board size). There was a positive coefficient value of 0.0257 for ROA, and 0.0235 for ROE, statistically significant at 1% for the voluntary disclosure results. According to the results, a 1% increase in corporate governance (board size) will lead to a 2.57 and 2.35 percent increase in the relationship between voluntary disclosure ROA and ROE, holding all other factors constant. Our result confirms the (Alabdullah et al., 2018; Zhou, 2019) studies. The result from table 5 validates our second hypothesis.

According to the results, an increase in firm size by 1% results in an overall ROA decrease of 0.29 percent while maintaining all other variables constant at a positive coefficient value of 0.0029. According to our study's findings, holding all other variables constant and increasing firm size by 1 percent will increase 2.49 percent in ROE; this is statistically significant at 1 percent. Firm age and ROA have a statistically significant positive coefficient value of 0.0058, indicating that a 1% increase in firm age will result in a 0.58 percent increase in ROA, all other variables being held constant. When all other variables are held constant, an increase in the firm's age of 1 percent will result in an increase in ROE of 6.7% when all other variables remain constant, according to the study results.

The leverage result shows a positive coefficient value of 0.0012, statistically significant at 10% for ROA. The result means, keeping all other variables constant, a 1% increase in Leverage will lead to 0.12% in ROA. Leverage's positive coefficient value of 0.0018 for ROE was also significant at 1%. A 1% increase in Leverage results in a 0.18 % increase in ROE, assuming all other variables remain constant. For political Stability and ROA, the result shows a negative coefficient value of 0.0175, which is statistically significant at 1%. The results show that a 1% increase in political Stability reduces ROA by 1.75 percent when all other variables are held constant. It also shows a statistically significant negative coefficient value of 0.0854 for

ROE. Holding all other factors the same, the result means that for every one percentage point increase in political Stability (no violence), the return on Equity drops by 8.54 percentage points. The result shows a negative coefficient value of 0.0098, which is statistically significant at 5%, implying that a 1% increase in control of corruption will result in a 0.98 % decrease in ROA, holding all other variables constant. However, a negative coefficient of 0.0079, statistically significant at 1%, was found to control corruption and ROE. Holding all other variables constant suggests that a 1% increase in corruption control will result in a 0.79% reduction in ROE. There is a statistically significant 1% correlation between GDP and ROA in the GDP result. The study found that holding all other variables the same; a 0.66 percent ROA increase can be expected for a 1.0% GDP increase. A positive coefficient value of 0.0037, which is statistically significant at 1%, was found for GDP and ROE. For every 1% increase in GDP (assuming all other variables remain constant), ROE will rise by 0.37 percentage points. While Inflation and ROA have a non-significant negative coefficient value of 0.0019, if all other variables remain constant, a 1% increase in Inflation will lead to a 0.19 percent decrease in ROA. The negative coefficient value of 0.0033, which is statistically significant at one percent, was found in both Inflation and ROE. The study found that a 1% increase in Inflation would result in a 0.33 percent decrease in ROE if all other variables remained constant.

This study used return on Equity (ROE) as an alternative for robustness tests. The results are reported in Table 4 and Table 5, respectively. The p-value of the lagged dependent variable return on assets (ROA) is significant at a 1% significance level, which confirms the model specification's dynamic character. Regarding alternative financial performance measures, the coefficient of ROE is positive and statistically significant at a 1% significance level. The result implies that ROE has an economically significant and positive impact on the commercial bank's financial performance. Our result is similar to the baseline regression result using the two-step system GMM estimation model.

CONCLUSION

This study aimed to investigate the link between voluntary disclosure and financial performance of commercial banks in Anglophone-West Africa. In this study, corporate governance (board size) was also examined for its ability to moderate the link between voluntary disclosure and financial performance. Thirty-nine (39) commercial banks in Anglophone West Africa were chosen for the study, with data from audited annual reports spanning from 2010 to 2020. Both ROA and ROE were used as financial performance indicators. A voluntary disclosure checklist with 50 items was developed. The study used board size as a proxy for corporate governance. The study panel regression estimates were generated

based on the two-system General Method of Moments (GMM). Anglophone-west African commercial banks' performance was positively correlated with voluntary disclosure, in accordance with the empirical literature. According to our findings, the board size of sampled commercial banks in Anglophone-west Africa positively influences the relationship between voluntary disclosure and financial performance.

This study, like all others, has a slew of flaws. Commercial banks in Anglophone West Africa were the focus of the study. As a result, similar research should be carried out in francophone West Africa in the future. This research focused on four external attributes/macroeconomic variables: political stability, control of corruption, GDP growth and inflation. Such variables as interest rates, GDP per capita, government effectiveness and the rule of law should be incorporated into future studies to provide a more comprehensive mediating effect on voluntary disclosures and financial performance. The scope of the investigation was too narrowly focused on one aspect of corporate governance: the size of the board of directors. Gender diversity and other governance attributes, such as board structure and independence or the size of an audit committee can be examined to see if they have a significant impact on voluntary disclosure and financial performance in the future. Since this research was limited to Anglophone-West African commercial banks, further research in other sectors would be helpful.

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