



TRANSPARENCY AND FINANCIAL PERFORMANCE OF LISTED MANUFACTURING FIRMS IN SELECTED COUNTRIES IN SUB-SAHARAN AFRICA

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ABSTRACT

African firms have suffered performance evaluation setbacks in the global financial markets because of inadequacies in business and reporting practices occasioned by their inability to meet up with the dynamic changes in stakeholder expectations in recent times. The study investigated the effect of transparency on financial performance of listed manufacturing firms in selected countries in sub-Saharan Africa. The study adopted ex-post facto and explanatory research design. Each variable was described using descriptive statistics, and the influence of the independent variables and the strength of the association were evaluated using regression design. The data was sourced from secondary sources, specifically the audited annual and sustainability reports of 146 manufacturing businesses that are publicly listed on stock exchanges in sub-Saharan African countries. The sample size was established by the criterion sampling technique, which considered companies that were listed prior to 2011 and continued to be listed without delisting; in all, 62 companies were categorized into the material products, consumer goods, healthcare goods, and industrial sectors. The result of the analysis showed that the effect of transparency from 4 disclosure criteria (Risk, Social, Governance, and Financial). Risk transparency showed a negative significant effect on ROA and EVA, but a positive insignificant effect on ROE. Social transparency had a negative significant effect on ROA and ROE, while its effect on EVA was insignificant. Governance transparency had a positive insignificant effect on ROA and EVA but a negative insignificant effect on ROE. Financial transparency had a significant positive effect on ROA and EVA, but the effect on ROE was also positive but insignificant. The study concluded that

transparency in disclosure of financial reporting enhances investors' confidence which boosts financial performance. Therefore, the study recommends that Sub-Saharan African manufacturing firms should maximize the adoption of transparent disclosure to boost economic value and global relevance.

KEYWORDS: - Financial Performance, Risk transparency, Social transparency Governance transparency, Financial transparency, Return on assets (ROA), Return on equity (ROE), Economic value added (EVA).

1. INTRODUCTION

A significant proportion of financial information users globally have embraced accounting laws and norms that promote comprehensive disclosure of financial reports beyond traditional accounting, upholding the ideals of transparency (Dagunduro et al., 2024a). This effort aims to restore or sustain global confidence in the functioning of organizations (Maroun, 2022). To address the knowledge gap among stakeholders, promoting transparency through comprehensive sharing of financial, social, risk, and governance-related information is crucial (Wanjau et al., 2018). Transparency involves disclosing all relevant information that may impact the operational and fiscal health of an organization. A key challenge faced by many African enterprises is their limited disclosure of non-financial aspects such as risk management, social impact, environmental practices, and governance. This lack of transparency has negatively impacted their access to affordable capital from both local and international investors (Boluwaji et al., 2024).

Transparency is widely regarded as a critical component of effective corporate governance. Increased transparency fosters greater trust among the public, thereby facilitating the attraction of high-quality capital from lenders, equity investors, and credit facilities. This, in turn, enhances a company's liquidity, solvency, and profitability (Wanjau et al., 2018). Many African corporations argue that the voluntary nature of disclosure requirements imposed by local financial regulations in most African countries leads them to avoid full compliance due to the associated financial costs (Lawal et al., 2024). Instead, they adopt strategies that circumvent the boundaries of regional or local laws. However, recent studies have shown that the potential consequences of losing favor in the global market may far outweigh these costs (Maroun, 2022).

There is a clear connection between financial performance and transparency; successful organizations tend to be more transparent, while greater transparency fosters better governance, risk management, and stakeholder trust, leading to improved financial performance (Dada et al., 2023). This study aims to explore the relationship between transparency and financial performance among listed manufacturing firms in selected Sub-Saharan African countries, particularly in light of shifting stakeholder expectations in the global market. The focus on listed manufacturing firms in leading exchange markets in Sub-Saharan Africa is due to their significant role as representatives of Africa's stock exchange and their adherence to global transparency standards.

Target of this study is to give insights that are relevant to internal and external users of financial statements (directors, investors, policymakers, and stakeholders) who are interested in risk, social,

governance, and financial transparency of the economic, social, and governance activities of the region's manufacturing sector. This study seeks to contribute to both academic literature and practical insights that can inform business strategies and policy interventions aimed at fostering justifiable development in the sub-Saharan region of Africa.

The significance of this research falls on its ability to promote strategic decision-making among manufacturing firms, investors, and policymakers in Sub-Saharan region Africa. By understanding the relationship between transparency disclosure and financial performance, stakeholders can take advantage of holistic information that can guide investment decisions based on risk, social, governance, and financial factors. In the subsequent sections of this article, we will review relevant literature on transparency and financial performance, present our research methodology, analyze our findings, and discuss their implications for theory, practice, and future research directions. Through this comprehensive approach, we aim to contribute valuable insights to the ongoing discourse on transparency and financial performance in Sub-Saharan Africa and beyond.

2. LITERATURE REVIEW

Transparency

According to Florini (2007), transparency refers to the degree to which individuals external to a certain group or organization are able to obtain access to information and participate in the decision-making processes conducted by those within the group. The transition from a culture of secrecy to one that values the open flow of information is being driven by its potential as a mechanism for market regulation, improved governance, and progress in technology and economics (Blanton, 2007). There have been assertions that promoting comprehensive openness in the activities of both corporations and governments can result in more efficient global regulation compared to relying on several bureaucracies across different nations, which may be susceptible to corruption. Ball (2009) asserts that openness was formerly associated primarily with supranational institutions and non-governmental organizations (NGOs). However, in response to the contemporary global emphasis on adopting optimal business practices, transparency has now extended its reach to several other sectors. The study further posited that transparency can be perceived through three distinct lenses: firstly, as a societal value that is embraced by the public as a means to combat corruption; secondly, as an inclusive and accessible process through which governmental and nonprofits entities arrive at decisions; and thirdly, as a refined mechanism of effective governance within policies, programs, organizations, and nations.

In contemporary times, the scope of financial reporting extends beyond the mere disclosure of financial figures. The evolution of financial statement information in the modern period has been greatly influenced by the global viewpoint on capital markets (Dagunduro et al., 2024b). Businesses frequently enhance their reliability, transparency, and the quality of both financial and non-financial information as part of their commitment to corporate transparency. The procedures associated with financial reporting, including the disclosure of financial information, are likewise influenced by these changes. The attention of investors has now turned towards the importance of openness and the disclosure of information, while evaluating the effectiveness of corporate entities. Transparency has the potential to augment a company's reputation (Dagunduro et al., 2024c).

Maintaining transparency regarding objectives, strategies, and decisions is of utmost importance for upper management in firms. To mitigate potential mistrust among shareholders, which may lead to alternative investment decisions, it is imperative for the Board of Directors to uphold transparency regarding its actions (Awotomilusi et al., 2023a). Potential investors may find the transparency of the board of directors and the easily verifiable internal and external audit procedures to be noteworthy. It is expected that there will be no deviations from the transparency standard. All stakeholders, encompassing investors and employees alike, possess the inherent entitlement to be duly apprised of the strategic trajectory pursued by a corporation. Historically, corporate reporting mostly emphasized financial reporting. However, as the demand for comprehensive insights into firms has grown, there has been a shift towards incorporating assured reporting and enhancing transparency (Dada et al., 2023).

Financial Performance

According to Kolawole et al. (2023), financial performance refers to the achievement of a company's financial objectives within a certain timeframe, which involves the acquisition and allocation of funds based on factors such as capital adequacy, liquidity, solvency, efficiency, leverage, and profitability. The financial success of a corporation is indicative of its capacity to effectively manage and control its resources within predefined parameters. According to Awotomilusi et al. (2023b), financial performance serves as an indicator of the overall financial well-being of a company sector within a specific period, reflecting the outcomes of the sector. This demonstrates the extent to which a corporation effectively utilizes its resources in order to maximize the financial prosperity and profitability of its owners.

Financial performance measurements, such as return on equity (ROE), return on capital employed (ROCE), and return on assets (ROA), among others, can be utilized to evaluate a company's productivity and profitability (Oluwagbade, et al., 2023b). According to Aluko et al. (2022), the financial performance of a corporation can be substantially influenced by two key factors: net asset turnover and net profit margin. The authors argue that a substantial increase in net asset turnover serves as an indicator that the organization is effectively utilizing its resources. According to the findings of Ntim (2015), a greater profit margin signifies the business's substantial market power in relation to the investments made by its shareholders.

The gauge of return on assets (ROA) holds significant popularity among financial experts and scholars who have previously undertaken analogous research (Dagunduro et al., 2023). The study examined three financial performance criteria, namely return on equity, return on assets, and earnings per share. The return on equity (ROE) refers to the financial metric that quantifies the profitability of a firm within a specific fiscal year. It is calculated by subtracting the interest charges and corporate income tax from the company's earnings, prior to the distribution of dividends to its shareholders (Awotomilusi, et al., 2023). On the other hand, the concept of equity in return on equity (ROE) refers to the residual interest that shareholders have in a company (Oluwagbade et al., 2023a). The Return on Equity number is obtained by dividing two components of a financial statement, namely the ratio (ROE), which distinguishes these aspects. Suhadak et al. (2018) suggest that a constant improvement in this ratio over a five-year period may lead to enhancements in the

policy design and implementation by the board of directors. Moreover, the quantification of a corporation's fiscal success and the effectiveness with which its executives employ its resources is referred to as return on assets (ROA).

Assets in the context of the Return on Assets (ROA) framework, as described by Dagunduro et al. (2023), pertain to the economic resources possessed and utilized by an organization to create money for its daily operational activities inside a business entity. Return on assets (ROA) is calculated by expressing the return generated by an entity as a ratio of its total assets. According to Oluwagbade et al. (2023), a sustained upward trend in return on assets (ROA) over a typical duration of five years serves as an indicator of the level of effectiveness exhibited by the directors in utilizing the company's assets over the specified period. Although the ROE and ROA ratios are the valuable metrics for assessing firms' financial performance, it is known that they are not the only indicators that may provide holistic understanding of companies' financial well-being at a specific moment.

Dagunduro et al. (2022) argue that the performance of a firm holds significant importance for management, as it serves as a tangible manifestation of the accomplishments achieved by individuals or groups within an organization. This performance is measured in relation to the individuals' authority and responsibility in pursuing organizational objectives in a manner that adheres to moral and ethical standards, legal requirements, and upholds moral principles (Kolawole et al., 2023). The performance of a business is assessed based on its capacity to effectively acquire and utilize resources in diverse manners, hence attaining a competitive advantage. According to Adewara et al. (2023), performance measurements are crucial for economic units since they facilitate decision-making in situations where other criteria are absent. Financial performance measurements serve as indicators for evaluating the effectiveness of economic entities in attaining their intended plans, objectives, and important success criteria (Asubiojo et al., 2023).

2.1. Conceptual Framework

Figure 2.1 shows the interaction between transparency and financial performance of listed manufacturing firms of selected sub-Saharan Africa

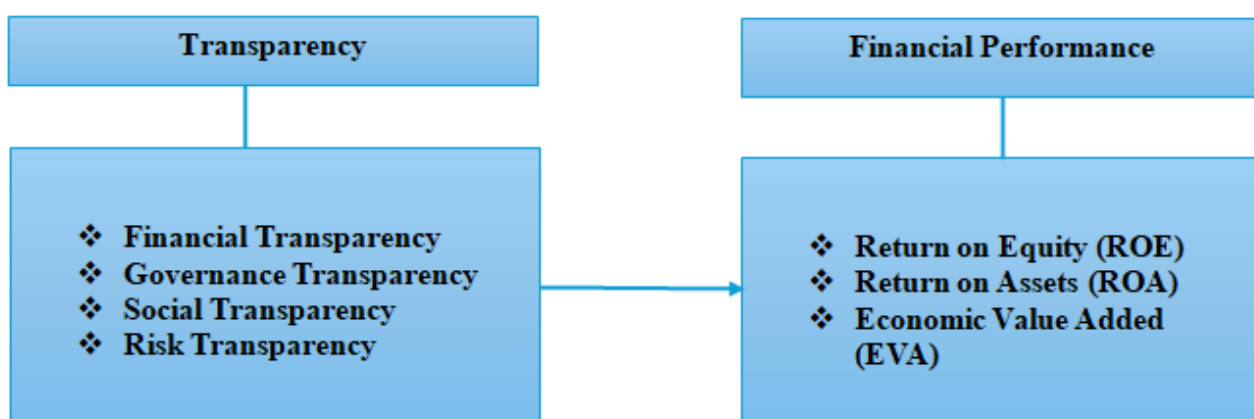


Figure 2.1: Conceptual Framework
Source: Authors' Concepts (2024)

2.2 Theoretical Review

The present study is firmly rooted in stakeholders' theory, to primarily examine transparency through the lens of preserving an ideology that emphasizes the interests of every party that is interested in the affairs of an organization.

Stakeholder Theory

The theory was propounded by Freeman in 1984 by identifying stakeholder groups as important components of the organization that needed to be considered. Stakeholders in this context have been largely defined as any group or individual who can affect or be affected by the achievement of organizations' objectives. The theory argues that corporations should serve all groups or individuals who have a stake in them, majorly, the employees, customers, suppliers, and local communities. Freeman (1984) also advocates a re-engineering of theoretical viewpoints that extend beyond the owner-manager-employee relationship to include all the stakeholders. According to Freeman (1984), if organizations want to be effective, they should be concerned about interactions that can affect or be affected by the achievement of the organization's mission. In other words, stakeholder management is largely a pragmatic concept. Regardless of the content of the firm's aim, the effective firm will manage the critical relationships. Sundaram and Inkpen (2004) posit that stakeholder theory seeks to resolve the question of the kinds of stakeholders that warrant and require management's attention. Furthermore, stakeholder theory is a framework for deciding the form and administration of a corporation that considers the many stakeholders who have a variety of aims, some of which are at odds with one another (Donaldson & Preston 1995). Stakeholder theory was first introduced into the management profession in 1970, and Freeman (1984) refined it over time.

The theory suggests that management should be interested in any third party that has some level of dependence upon the corporation that is divided into internal and external stakeholders who all depend on the business's survival. These include creditors, customers, suppliers, government agencies, and the community at large. Organizational managers, according to theorists, have a network of ties to service the main factors of corporate sustainability, such as suppliers, employees, and business partners. Invariably, the corporation has a much broader variety of interests than the narrow perspective presented by agency theory, according to stakeholder theory (Dagunduro et al., 2022). Stakeholder theory highlights the unbiased interactions that bring together diverse interested parties without sacrificing long-term firm goals. Corporate boards in Africa, on the other hand, serve primarily the interests of those who put them there.

Stakeholder theory enhances transparency disclosure by taking into consideration the interest of every stakeholder of the organization and still achieving the organization's goals and objectives. Some people have challenged the stakeholder hypothesis, arguing that the group's interests are simply too diverse for the effective management of an organisation (Awotomilusi et al., 2023a). As they say, a person cannot please everyone, and certain stakeholders' requirements will inevitably take precedence over the interests of others. Employing transparency disclosure can potentially enhance organizational value, by providing the needed information to the relevant stakeholders of an organization thereby leading to increased reliance and favorable perceptions of the business. The

study aims to provide a comprehensive understanding of the relationship between transparency and financial performance (Oluwagbade et al., 2023b). One benefit of anchoring this study in stakeholders' theory is that it takes into consideration the interests of all the stakeholders attached to an organization. Thus, this research on stakeholders' theory effectively addresses a theoretical gap.

2.3. Empirical Review

The literature review considers the specific objectives of the study. The purpose of this study is to conduct a comprehensive evaluation of the association between the variables, as documented in the existing literature.

2.3.1. Transparency and Financial Performance

Musyoka (2017) conducted an assessment to examine the impact of voluntary disclosure on the financial performance of businesses that are listed on the Nairobi Stock Exchange. The four distinct categories of optional disclosure encompass growth and development, research and development, financial, and investment. A correlational study approach was employed, utilizing selective sampling, to identify a total of 43 actively trading groups during the period spanning from 2006 to 2015. The data underwent regression analysis. The findings of the study revealed a significant and positive correlation between investment, sales growth, research and development (R&D), financial performance, and voluntary disclosure. The fundamental objective of this study pertains to the examination of financial transparency. In recent years, the significance of additional aspects such as risk disclosure and social governance has been evident. Hence, it is imperative to conduct an investigation into these subject matters.

Adilogbu et al. (2018) conducted an evaluation of important financial indicators and the level of financial openness. The study's population consisted of one hundred non-financial enterprises that were listed on the stock exchange in 2016. The results indicated that there were statistically significant differences in the group means of various significant financial metrics based on the level of transparency. Additionally, it was observed that companies that provide greater disclosure tend to exhibit higher levels of transparency and accountability towards investors. The research solely focuses on financial openness, while neglecting other dimensions of transparency that have become relevant in light of contemporary business practices.

In their study, Wanjau et al. (2018) examined the influence of corporate transparency, specifically in the areas of financial, risk, social, and governance transparency, on the financial performance of companies that are publicly listed in East Africa. The study employed descriptive and correlational designs. A purposive sampling method was employed to choose a total of 40 businesses for the study, spanning the years 2006 to 2015. Data were sourced from the yearly reports of the selected organizations using the document check index. The process of data analysis and testing was conducted. The findings of the study indicated a substantial and positive correlation between the risks, social factors, financial aspects, governance practices, transparency, and financial performance of companies listed in East Africa. Despite its geographical limitation to East Africa, this study effectively examined and explored broader themes related to openness. A comprehensive examination of many continents may yield divergent results.

The research undertaken by Wanyama et al. (2018) investigated the correlation between the financial success of Rift Valley Bottler and its internal audit endeavors. The primary aims of the study encompassed the investigation of risk management, internal controls, and governance in connection to the financial performance of Rift Valley Bottler. A correlational study was conducted, involving the participation of 40 employees from diverse departments. The study included a combination of closed- and open-ended questionnaires to gather data. The study used descriptive statistics to get means and variances, as well as conducting regression analysis and calculating correlations. The findings of this study demonstrated that the implementation of internal auditing practices significantly contributed to the achievement of the company's objectives. The Rift Valley Bottlers saw enhanced financial performance as a result of an internal audit, along with other associated outcomes. This study is limited to the evaluation of internal audits. There is need to evaluate the quality of the audit component, as well as external auditing.

In their study, Mbithi and Wasika (2019) sought to investigate the impact of accountability and transparency on the long-term viability of the banking sector. A total of 222 respondents were selected as the sample size from the study population consisting of 495 individuals employed in the banking business. The researcher collected primary and secondary sources of data, and subsequently employed descriptive and inferential statistics to assess the gathered results. The paper highlights that the sustainability of the banking sector is greatly influenced by factors such as transparency, accountability, fairness, and ethical conduct. The study exclusively focuses on financial openness, neglecting other dimensions of transparency. However, considering the prevailing business landscape, it is crucial to include these additional factors as well.

According to Gal and Akisik (2020), there is a prevailing belief that credibility of a firm's outcomes is enhanced when it undergoes an independent examination. The rationale behind the request for an unbiased auditing firm to provide testimony on financial accounts is as follows. Since the enactment of the Sarbanes-Oxley Act, publicly traded firms in North America have been mandated to provide disclosure regarding the efficacy of their internal control systems inside their financial statements. The internal control system has a significant influence, despite the perception that the financial statement audit is limited to such information. As a result, the audit may potentially influence non-financial reporting systems. The integration of financial and non-financial data into reports enables a comprehensive assessment of a business's performance. This research study provides evidence to support the notion that the implementation of integrated reporting and internal control systems yields a favorable impact on market value. The empirical analysis draws upon data obtained from GRI (Global Reporting Initiative) and Compustat North America.

In a recent study conducted by Gani et al. (2021), a significant correlation was observed between corporate transparency and organizational effectiveness. This study also investigated the correlation between competitive advantage and business performance. A total of sixty participants were chosen from the three distinct sectors, namely financial, industrial, and service, of the Muscat Securities Market (MSM). The findings of the study provided empirical evidence in favor of the proposition that enhanced business performance is causally linked to increased transparency. Increased transparency has been found to have a positive impact on performance. The findings indicate a

positive relationship between corporate transparency and competitive advantage, leading to improvements in management accounting metrics. Hence, the implementation of corporate transparency is a crucial mechanism for enhancing financial performance and gaining a competitive edge. The findings of the study suggest that the majority of enterprises in Oman exhibit a high level of financial statement transparency, while there is a comparatively lower level of transparency in the social transparency domain.

Truong et al. (2022) conducted an investigation of the influence of information transparency and disclosure on the valuation of listed firms in the Vietnamese stock market. The analysis encompassed the financial statements of 430 companies that are publicly traded and listed on the Ho Chi and Ha Noi stock exchanges, covering the period from 2014 to 2016. The study utilized a generalized technique of moment's methodology to examine the collected data. The influence of disclosure and openness on corporate value was shown to be significant. The study exclusively focuses on financial openness, while neglecting other dimensions of transparency. However, considering the current state of corporate affairs, these additional factors have become relevant.

In their study, Wang and Zhang (2022) examined the advantageous outcomes associated with corporate political responsibility and transparency, as well as the underlying motivations driving a firm's voluntary disclosure of its political engagement. The researchers utilized a specific database known as the CPA-Zicklin Index rating of S&P 500 firm political activity disclosure to examine the influence of corporate governance on facilitating political openness. The findings indicate a correlation between the level of corporate political transparency and the functioning of corporate boards. The study found a correlation between the level of board independence and the extent of disclosure on political engagement and policy matters. Boards characterized by a greater representation of independent directors exhibit a propensity for enhanced transparency in their political activity policies and demonstrate a heightened level of disclosure regarding their political engagements. A negative link has been seen between the level of board monitoring intensity and the implementation of political activity policies. The augmentation of surveillance intensity has a detrimental effect on the political accountability of corporations. The inclusion of a varied range of women on boards has been found to have a favorable impact on political transparency. The research revealed that corporate political accountability has significant economic implications. Furthermore, it has been seen that there is a correlation between enhanced political transparency and a decrease in information asymmetry, a reduction in equity risk, and an improvement in operating performance. Moreover, a correlation exists between the worth of businesses and the level of governmental transparency. The fundamental objective of this study revolved around the concept of political transparency. Nonetheless, it is anticipated that incorporating a diverse range of perspectives on transparency will likely result in a more comprehensive and robust conclusion, which is the aim of this study.

In his study, Mohammed (2022) presented empirical evidence about the influence of the audit committee (AC) on many aspects of Jordanian enterprises. Specifically, the study examined the effects of the AC on factors such as size, independence, financial knowledge, and the ownership of audit committee-owned stock. Additionally, the study assessed the impact of these factors on the

performance of the firms, as measured by Tobin's Q. The current study focused on 180 firms that were listed on the ASE between 2009 and 2017, representing several sectors including financial, industrial, and service. The study utilized resource dependence theory and agency theory to achieve its objectives. The results suggest that, when employing the panel data methodology, there exists a significant and positive association between the size, independence, and financial expertise of the audit committee and the performance of enterprises. The aforementioned findings provide empirical information that should be taken into account by regulators, investors, and executives in Jordan when developing corporate legislation. This is particularly important, notwithstanding the existence of a notable negative correlation between the stock holdings of audit committees and firm performance.

3. METHODOLOGY

The study employed ex-post facto and explanatory research designs. Ex-post facto design utilized pre-existing data from annual reports of selected industrial businesses due to data manipulation difficulty. Explanatory research approach was chosen due to identified associations among variables. Descriptive statistics characterized each variable, while regression design assessed relationship magnitude and independent variables' influence. Panel research accommodated substantial data volume for accurate population representation. Secondary sources provided data from audited annual and sustainability reports of 146 manufacturing companies publicly listed on stock exchanges in sub-Saharan African nations, including Kenya, Tanzania, Uganda, Ghana, Nigeria, South Africa by primarily concentrating on firms that are listed on stock exchanges, therefore emphasizing countries with vibrant stock exchange markets. Seven nations were selected based on market capitalization and compliance with International Financial Reporting norms (IFRS). Criterion sampling technique determined the sample size, including companies listed before 2011 and remaining listed without delisting, totaling 62 companies classified into material products, consumer goods, healthcare goods, and industrial sectors.

Model Specification

The examination of transparency in the study conducted by Oino (2019) and Wanjau et al. (2018) encompassed various indicators, namely financial transparency (FT), governance transparency (GT), social transparency (ST), and risk transparency (RT).

This is functionally stated as;

$$TP = f(FT, GT, ST, RT) \dots \dots \dots 3.7$$

The effects of transparency on financial performance hence are;

$$FP = f(TP) \dots \dots \dots 3.8$$

The model of transparency on financial performance is stated as:

$$FP_{it} = \beta_0 + \beta_1 FT_{it} + \beta_2 GT_{it} + \beta_3 ST_{it} + \beta_4 RT_{it} + \beta_5 Age_{it} + \beta_6 Size_{it} + e_{it} \dots \dots \dots 3.9$$

Financial performance (FP) is further broken down to show the effect of transparency on internal and external perspectives which is represented with the Return on Assets (ROA), Return on Equity (ROE), and Economic Value Added (EVA)

$$ROA_{it} = \beta_0 + \beta_1 FT_{it} + \beta_2 GT_{it} + \beta_3 ST_{it} + \beta_4 RT_{it} + \beta_5 Age_{it} + \beta_6 Size_{it} + e_{it} \dots \dots \dots 3.10$$

$$ROE_{it} = \beta_0 + \beta_1 FT_{it} + \beta_2 GT_{it} + \beta_3 ST_{it} + \beta_4 RT_{it} + \beta_5 Age_{it} + \beta_6 Size_{it} + e_{it} \dots \dots \dots 3.11$$

$$EVA_{it} = \beta_0 + \beta_1 FT_{it} + \beta_2 GT_{it} + \beta_3 ST_{it} + \beta_4 RT_{it} + \beta_5 Age_{it} + \beta_6 Size_{it} + e_{it} \dots \dots \dots 3.12$$

Where:

ROA= Return on Asset

ROE= Return on Equity

EVA= Economic Value Added

GT= Governance Transparency

ST= Social Transparency

RT= Risk Transparency

Apriori Expectation

$$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6 > 0$$

Table 1: Operationalization, Description, and Measurement of Variables

VARIABLES	DESCRIPTION/MEASUREMENT	SOURCE(S)
Financial Transparency (FT)	Indicator variable that is assigned the value of 1 if the firm adheres to the financial disclosure rules and assigned 0 if not.	Asthana (2014)
Governance Transparency (GT),	Indicator variable that is assigned the value of 1 if the firm adheres to the governance disclosure rules and assigned 0 if not.	Asthana (2014); Rusmin and Evan (2017)
Social Transparency (ST).	Indicator variable that is assigned the value of 1 if the firm adheres to the social transparency rules and assigned 0 if not.	Asthana (2014)
Risk Transparency (RT)	Indicator variable that is assigned the value of 1 if the firm has risk assessment policy and assigned 0 if not.	Wanjau et al. (2018)
Return on Assets (ROA)	Measured as earnings after tax divided by the total asset (%)	Awotomilusi et al. (2023); Oluwagbade et al. (2023).
Return on Equity (ROE)	Measured as earnings after tax divided by total equity (%).	Awotomilusi et al. (2023); Oluwagbade et al. (2023).
Economic Value Added (EVA)	Measured as net operating profit after tax minus company's cost of capital.	

Source: Author's Compilation (2024)

4. ANALYSIS OF DATA AND DISCUSSION OF RESULTS

Descriptive statistics

4.2 Investigate how transparency affects financial performance of listed manufacturing firms of selected countries in sub-Saharan Africa

4.2. 1: Descriptive statistics

Table 2: Descriptive Statistics

	ROA	ROE	EVA	FT	GT	ST	RT
Mean	6.334895	9.632075	0.031475	0.507270	0.114701	0.841935	2.791053
Median	5.440000	11.73000	0.020000	1.000000	0.000000	1.000000	0.130000
Maximum	617.4300	255.6600	6.170000	1.000000	1.000000	1.000000	37.69000
Minimum	-235.9900	-989.3800	-2.890000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	30.83854	68.20062	0.336311	0.500351	0.318919	0.365096	5.684120
Skewness	11.43077	-7.938461	7.966458	-0.029082	2.418237	-1.874639	2.834266
Kurtosis	259.8617	101.7117	196.0799	1.000846	6.847872	4.514270	11.99160
Jarque-Bera	1709619.	256982.5	964929.4	103.1667	985.1799	422.3774	2904.555
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Observations	617	617	617	619	619	620	617

Author's Computation (2024)

The average financial transparency score of 0.507270, as presented in Table 2, suggests a moderate level of financial disclosure. Based on the observation that the median score is 1.000000, it may be deduced that at least 50% of the organizations demonstrate a significant level of financial transparency. The maximum attainable score is 1.000000, indicating that specific organizations have achieved the utmost level of financial transparency. The absence of financial transparency in certain organizations is evidenced by the extremely low score of 0.000000. The manufacturing firms listed demonstrate a significant disparity in their financial transparency scores, as seen by a standard deviation of 0.500351. The level of governance transparency, as indicated by the average score of 0.114701, demonstrates a rather limited extent of governance openness. Based on the observation that the median score is 0.000000, it can be deduced that a minimum of 50% of the organizations had transparent governance processes. The maximum attainable score is 1.000000, indicating that specific organizations have achieved the utmost level of transparency in their governance practices.

The absence of governance transparency in certain businesses is evidenced by the extremely low score of 0.000000. The manufacturing firms listed demonstrate a moderate level of variability in their governance transparency scores, as seen by a standard deviation of 0.318919. The social transparency score, which stands at an average of 0.841935, indicates a rather elevated level of social disclosure. Based on the observation that the median score is 1.000000, it may be deduced that at least 50% of the firms demonstrate a significant level of social transparency. Some firms have achieved the highest level of social transparency, as indicated by a perfect score of 1.000000. Based on the extremely low score of 0.000000, one may deduce that certain firms exhibit a deficiency in terms of social transparency. The social transparency scores of the industrial companies listed demonstrate a moderate level of variance, as evidenced by the standard deviation of 0.365096.

The risk transparency score, which averages at 2.791053, indicates that the level of risk disclosure is modest. Based on the median score of 0.130000, it can be deduced that a substantial proportion of the firms exhibit rather limited levels of risk transparency. Certain firms have a significantly

higher level of risk transparency, as seen by their maximum score of 37.690000. Based on the minimal score of 0.000000, it can be deduced that certain organizations exhibit a deficiency in risk transparency. The standard deviation of 5.684120 indicates a notable variation in risk transparency scores among the listed industrial businesses. The manufacturing enterprises listed demonstrate a favorable average return on assets, seen from their average ROA of 6.334895. Because the median Return on Assets (ROA) is recorded as 5.440000, it can be inferred that a minimum of 50% of the enterprises may exhibit ROAs that fall below the mean value. The existence of outliers is suggested by the greatest return on assets (ROA) value of 617.430000, which significantly exceeds the average ROA. The low return on assets (ROA) value of -235.990000 suggests the potential occurrence of negative returns in certain organizations. The standard deviation of 30.838540 indicates a significant disparity in the return on assets (ROA) values observed across the various firms.

The manufacturing companies provide a favorable mean return on equity, as evidenced by their average ROE of 9.632075. Based on the provided information, it can be inferred that a significant proportion of organizations may possess return on equity (ROE) values that fall below the median value of 11.730000, hence indicating below-average performance. The outliers is evident because to the much higher maximum return on equity (ROE) value of 255.660000 compared to the average ROE. The modest return on equity (ROE) value of -989.380000 suggests the potential occurrence of negative returns inside certain organizations. The standard deviation of 68.200620 indicates a significant disparity in the return on equity (ROE) values among the various firms. The manufacturing companies listed demonstrate a relatively low average economic value added, as evidenced by the average EVA of 0.031475. Based on the observed median EVA value of 0.020000, it can be inferred that a minimum of 50% of the firms exhibit EVA values that are lower than the mean. The outlier is evident as the greatest EVA value of 6.170000 significantly exceeds the average. The enterprises exhibiting negative economic value added are demonstrated by the identification of a minimum EVA of -2.890000. The standard deviation of 0.336311 indicates the moderate diversity in EVA values among the firms.

4.2.2 Correlation analysis

Table 3: Correlation Analysis

Correlation	ROA	ROE	EVA	FT	GT	ST	RT
Probability							
ROA	1.0000						

ROE	0.2028	1.0000					
	0.0000	-----					
EVA	0.9169	0.1824	1.0000				
	0.0000	0.0000	-----				

FT	0.0491	0.0981	0.0254	1.0000			
	0.2227	0.0147	0.5282	-----			
GT	-0.0098	-0.0020	0.012776	0.0697	1.0000		
	0.8062	0.9600	0.7515	0.0834	-----		
ST	-0.0074	-0.0400	-0.0040	0.0390	-0.1276	1.0000	
	0.8526	0.3210	0.9209	0.3329	0.0015	-----	
RT	-0.0051	0.0302	0.0143	0.1824	0.4153	-0.0429	1.0000
	0.8993	0.4527	0.7217	0.0000	0.0000	0.2870	-----

Source: Author's Computation (2024).

The associations between the variables can be comprehended by examining the outcomes of the correlation study as reported in Table 3. A minor positive link (0.203) was seen between the return on equity (ROE) and a substantial positive correlation (0.917) was found between the return on assets (ROA) and economic value added (EVA). This suggests that enterprises exhibiting a higher return on assets (ROA) tend to exhibit better return on equity (ROE) and economic value added (EVA). The variables FT (0.049), GT (0.010), ST (-0.007), and RT (-0.005) demonstrate weak associations with the measure of Return on Assets (ROA). The observed correlations indicate a lack of statistically significant associations between return on assets (ROA) and the examined risk and transparency parameters.

The analysis reveals a modest positive correlation of 0.203 between Return on Assets (ROA) and the Return on Equity (ROE) outcome. Similarly, there is a weak positive connection of 0.182 between Economic Value Added (EVA) and the ROE result. This suggests that companies exhibiting better Return on Equity (ROE) tend to also have higher Return on Assets (ROA) and Economic Value Added (EVA). The variables FT (0.098), GT (-0.002), ST (-0.040), and RT (0.030) have weak correlations with the return on equity (ROE). The observed correlations indicate that there is no statistically significant association between the return on equity (ROE) and the risk and transparency measures under consideration.

The findings of the study indicate a modest positive association (0.182) between the Economic Value Added (EVA) and Return on Equity (ROE), as well as a statistically significant strong positive correlation (0.917) between these two variables. This suggests that enterprises exhibiting higher Economic Value Added (EVA) tend to demonstrate better Return on Equity (ROE) and Return on Assets (ROA). The variables EVA and FT (0.025), GT (0.013), ST (-0.004), and RT (0.014) exhibit weak correlations. The observed correlations indicate a lack of statistically significant associations between the risk and transparency parameters under consideration and the Economic Value Added (EVA) metric.

In addition, it is observed that there are relatively low correlations between financial transparency (FT) and several factors, such as GT (0.070), ST (0.039), RT (0.182), ROA (0.049), and ROE (0.098). The observed correlations suggest a limited number of meaningful associations between financial success, transparency factors, and financial transparency. The variables FT, ST, RT, EVA, FT, and ROA exhibit weak associations with GT. Specifically, the correlation coefficients for these variables are -0.113, 0.328, 0.070, -0.128, 0.415, 0.013, 0.070, and -0.010, respectively. The observed correlations indicate a limited number of significant associations between the variables of financial performance and transparency, and governance transparency.

The study has identified weak correlations between Social Transparency (ST) and many factors, including FT (0.039), GT (-0.128), ROA (-0.007), ROE (-0.040), and EVA (-0.004). The observed correlations suggest a limited number of meaningful associations between the variables of financial success and transparency and social transparency. The variables FT, GT, ROE, EVA, and ST have weak relationships with RT. Specifically, the correlation coefficients for FT, GT, ROE, EVA, and ST are 0.182, 0.415, 0.030, 0.014, -0.105, -0.043, and 0.503, respectively. The observed correlations indicate a limited number of statistically significant associations between financial performance and transparency parameters, and the level of risk transparency.

The results of the correlation analysis suggest that there are weak to moderate relationships between the financial performance factors of return on assets (ROA), return on equity (ROE), and economic value added (EVA), and the transparency variables of financial transparency (FT), governance transparency (GT), social transparency (ST), and risk transparency (RT). The findings of this study indicate that factors beyond transparency and firm characteristics may have a substantial impact on the financial performance of industrial companies listed in Africa.

4.2.4 Panel Unit Root Test

Tale 4: Panel Unit Root Test

	Levin, Lin & Chu t*		PP - Fisher Chi-square	
	Test statistics	P-value	Test statistics	P-value
RT	-50.1216	0.0000	257.399	0.0000
ST	-11.3991	0.0000	179.704	0.0000
GT	-1.94249	0.0260	14.2607	0.0269
FT	-4.84895	0.0000	170.8444	0.0000
ROE	-16.0682	0.0000	263.315	0.0000
ROA	-8.67905	0.0000	215.634	0.0000
EVA	-10.2204	0.0000	258.525	0.0000

Source: Author's Computation (2023)

The primary objective of panel unit root tests is to assess the stationarity properties of the variables as reported in Table 4. The tests utilized in this study encompass the PP-Fisher Chi-square test and the Levin, Lin & Chu t* test. The results of these tests are indicated by the test statistics and p-values. The p-value is 0.0000 and test statistic is -6.53022. The null hypothesis of the presence of a

unit root is rejected based on the statistical evidence provided by the p-value, which is found to be lower than the predetermined significance level, often set at 0.05. The Fisher chi-square test (PP) yielded a p-value of 0.0050 and a test statistic of 165.797. In a similar vein, we may refute the null hypothesis pertaining to the presence of a unit root because the p-value is less than the predetermined level of significance. The test statistic for Risk Transparency (RT) produces a p-value of 0.0000 and a result of -50.1216. The variable "RT" exhibits stability, as evidenced by the p-value being less than the predetermined level of significance.

The Fisher Chi-square test (PP) yielded a p-value of 0.0000 and a test statistic of 257.399. The evidence for the stationarity of the variable "RT" is substantiated by the p-value being less than the predetermined significance level. The test statistic for the Social Transparency (ST) variable is -11.3991, and the p-value is determined to be 0.0000. The variable "ST" exhibits stationarity as indicated by the p-value being less than the predetermined significance level. The PP - Fisher Chi-square test yielded a test statistic of 179.704, accompanied with a p-value of 0.0000. The evidence in favor of the conclusion that the variable "ST" exhibits stationarity is substantiated by the observation that the p-value is less than the predetermined significance level.

The p-value for Governance Transparency (GT) test is 0.0260, while the test statistic is recorded as -1.94249. The variable "GT" exhibits evidence of stationarity, as evidenced by the p-value being less than the predetermined significance level.

The Fisher chi-square test (PP) yielded a p-value of 0.0269 and a test statistic of 14.2607. The hypothesis that the variable "GT" exhibits stationarity is substantiated by the observation that the p-value falls below the predetermined level of significance. The p-value for Financial Transparency (FT) test is 0.0000 and test statistic is -4.84895. The variable "FT" exhibits stationarity, as seen by the p-value being less than the predetermined significance level. The test statistic for the Fisher Chi-square test, also known as PP, was 170.8444, a p-value of 0.0000. The evidence for the stationarity of the variable "FT" is substantiated by the p-value being less than the predetermined significance level. The p-value for the Levin, Lin, and Chu test is 0.0000, accompanied by a statistic value of -16.0682. The variable "ROE" exhibits evidence of stationarity, as evidenced by the p-value being less than the predetermined significance level. The Fisher Chi-square test (PP) yielded a p-value of 0.0000 and a test statistic of 263.315. The observation that the variable "ROE" exhibits stationarity is substantiated by the statistical evidence that the p-value falls below the predetermined level of significance.

The t-test conducted by Levin, Lin, and Chu yielded a test statistic of -8.67905 and a p-value of 0.0000 for the variable of return on asset (ROA). The variable "ROA" exhibits stationarity, as seen by the p-value being less than the predetermined significance level. The Fisher chi-square test showed a p-value of 0.0000 and a test statistic of 215.634. The variable "ROA" exhibits stationarity, as seen by the p-value being less than the predetermined significance level. The t-test statistic for Economic Value Added (EVA) as calculated by Levin, Lin, and Chu is -10.2204, and it is associated with a p-value of 0.0000. The variable "EVA" exhibits stationarity, as evidenced by the p-value being less than the predetermined significance level. The Fisher chi-square test (PP) yielded

a p-value of 0.0000 and a test statistic of 258.525. The conclusion regarding the stationarity of the variable "EVA" is substantiated by the observation that the p-value is less than the predetermined significance level. The Fisher Chi-square test (PP) yielded a p-value of 0.0000 and a test statistic of 24.1534. The panel unit root tests yielded results indicating that all variables (RT, ST, GT, FT, ROE, ROA, and EVA) exhibit stationarity.

4.2.4 Variance Inflation Factors

Table 5: Variance Inflation Factors

Variable	Coefficient Variance	Centered VIF
RT	8.66E-06	1.514135
ST	0.001445	1.020011
GT	0.002298	1.268154
FT	0.000787	1.066424
C	0.009295	NA

Source: Author's Computation (2023).

The extent of multicollinearity among predictor variables in a regression model is assessed through the utilization of Variance Inflation Factors (VIF), as presented in Table 4.11. The Variance Inflation Factor (VIF) values for each variable are as follows: The variance inflation factor (VIF) of RT is approximately 1.51, indicating a moderate level of multicollinearity. There appears to be a limited association between response time (RT) and the other independent variables in the model. The value of 1.02 for the variable ST indicates a negligible level of multicollinearity. The link between ST and other predictive parameters is minimal. GT exhibited a relatively low level of multicollinearity, as indicated by an estimated value of approximately 1.27. The associations between GT and other predictor parameters exhibit rather weak strength. The result from the FT analysis indicates a value of approximately 1.07, implying the presence of a moderate level of multicollinearity. There is a lack of significant correlation between FT and the remaining predictive variables. The VIF computation does not include the constant term C, resulting in an inaccessible VIF value (NA). Based on the VIF values, it does not seem that the predictor variables in the model exhibit a significant issue of multicollinearity. This implies that there is a limited association between the independent variables, hence enhancing the reliability of the regression analysis.

4.2.5 Model Specification Test

Table 6: Model Specification Test

	Test statistics	P-value
ROA Model		
Lagrange Multiplier Tests for Random Effects	1.497692	0.2210
Hausman test	1.757888	0.9406
Redundant Fixed Effects Tests	53.861171	0.7299

ROE Model		
Lagrange Multiplier Tests for	21.34914	0.0000
Random Effects		
Hausman test	7.632021	0.2663
Redundant Fixed Effects Tests	128.929742	0.0000
EVA Model		
Lagrange Multiplier Tests for	0.855959	0.3549
Random Effects		
Hausman test	3.663539	0.7221
Redundant Fixed Effects Tests	58.842839	0.5545

Source: Author's Computation (2023)

The statistical tests mentioned in Table 6 were utilized to assess the validity and reliability of the regression models, with specific attention given to the effects assumption. The purpose of this study is to examine the application of Lagrange multipliers in testing for random effects. The p-value is 0.2210, indicating that there is no significant evidence to reject the null hypothesis. The test statistic value is 1.497692, suggesting a moderate level of deviation from the null hypothesis. Given that the p-value surpasses the predetermined significance level, often set at 0.05, there is insufficient evidence to reject the null hypothesis pertaining to the assumption of random effects. This suggests that there is compatibility between the ROA model and the random effects model.

The Hausman test is a statistical test used in econometrics to determine whether the random effects or fixed effects model is more appropriate for analysis. The p-value for the statistical test is 0.9406, while the test statistic is 1.757888. The null hypothesis cannot be rejected due to the observed high p-value. This finding further supports the employment of the random effects model in the context of the ROA model. Experiments involving superfluous fixed effects. The test statistic is 53.861171, and the p-value is 0.7299. The null hypothesis cannot be rejected due to the p-value exceeding 0.05, indicating that the ROA model does not possess any superfluous fixed effects.

The Lagrange Multiplier Tests for Random Effects in the ROE Model yielded a p-value of 0.0000 and a test statistic of 21.34914. The low p-value provides support for rejecting the null hypothesis of the random effects assumption. This implies that the random effects model may not be well-suited for the ROE model. The p-value associated with the Hausman Test is 0.2663, while the test statistic is 7.632021. The null hypothesis cannot be rejected as a result of the observed high p-value. The validity of the random effects model for the ROE model may be subject to scepticism, particularly in light of the low p-value derived via the Lagrange Multiplier test. The test statistics for redundant fixed effects is 128.929742, with a p-value of 0.0000. The presence of redundant fixed effects in the ROE model is suggested by the observed low p-value.

The application of Lagrange Multiplier tests to examine the presence of random effects in the EVA model. The p-value is 0.3549, indicating that there is no statistically significant evidence to reject the null hypothesis. The test statistic is 0.855959. Based on the p-value exceeding the

predetermined significance level, we are unable to reject the null hypothesis pertaining to the random effects assumption in the EVA model. The Hausman test is a statistical test used in econometrics to assess the presence of endogeneity in a regression model. The p-value is 0.7221, indicating that there is no significant evidence to reject the null hypothesis. The test statistic is 3.663539. The null hypothesis cannot be rejected as a result of a high p-value, suggesting that the random effects model is a good fit for the EVA model. The examination of redundant fixed effects. The p-value is 0.5545, indicating that there is no significant evidence to reject the null hypothesis. The test statistic is 58.842839. The null hypothesis cannot be rejected due to the fact that the p-value above the threshold of 0.05. This implies that the EVA model does not incorporate any extraneous fixed effects.

In summary, the findings from the Lagrange Multiplier tests and Hausman tests provide evidence in favor of the random effects assumption in both the ROA and EVA models. However, the application of the Lagrange Multiplier test suggests that the assumption of random effects may not have been adhered to in the model for return on equity (ROE). Moreover, whereas the ROE model includes redundant fixed effects, they are not included in the ROA and EVA models.

4.2.6 Model Diagnostic Test

Table 7: Model Diagnostic

	Test statistics	P-value
ROA Model		
Panel Cross-section Heteroskedasticity LR Test	1661.178	0.0000
Arellano-Bond Serial Correlation Test	-0.4889	0.6249
ROE Model		
Panel Cross-section Heteroskedasticity LR Test	1573.434	0.0000
Arellano-Bond Serial Correlation Test	-1.7938	0.0728
EVA Model		
Panel Cross-section Heteroskedasticity LR Test	1593.027	0.0000
Arellano-Bond Serial Correlation Test	0.312313	0.7548

Source: Author's Computation (2023)

The evaluation of serial correlation and heteroskedasticity in the regression models is conducted by the utilization of test statistics and p-values. The p-value associated with the Panel Cross-section Heteroskedasticity LR Test is 0.0000, and test statistic is 1661.178. indicate strong evidence against the null hypothesis. The low p-value seen in the ROA model suggests the presence of heteroskedasticity, hence providing evidence that contradicts the null hypothesis. The Arellano-Bond Serial Correlation Test yielded a p-value of 0.6249 and a test statistic of -0.4889. Based on the high p-value, we are unable to reject the null hypothesis, which suggests the absence of a serial link. This suggests that the ROA model lacks empirical support for the presence of serial correlation. The p-value from the panel cross-section heteroskedasticity LR test for the return on equity (ROE) model was 0.0000, with a test statistic of 1573.434. The low p-value seen in the ROE model suggests the presence of heteroskedasticity, hence rejecting the null hypothesis. The

Arellano-Bond Serial Correlation Test yielded a p-value of 0.0728 and a test statistic of -1.7938. When the p-value exceeds the predetermined significance level, often set at 0.05, the null hypothesis, which posits the absence of a serial connection, is not rejected. This statement suggests that the ROE model lacks sufficient empirical support for the existence of serial correlation.

The panel cross-section heteroskedasticity LR test for the EVA model yields a test statistic of 1593.027, accompanied with a p-value of 0.0000. The EVA model exhibits heteroskedasticity, as evidenced by the low p-value, which supports the rejection of the null hypothesis. The Arellano-Bond Serial Correlation Test yields a p-value of 0.7548 and a test statistic of 0.312313. Premise on the p-value, we fail to reject the null hypothesis, indicating a lack of evidence to support the presence of a serial link. This suggests that the EVA model lacks any indication of serial association. In summary, the results of the Panel Cross-section Heteroskedasticity LR Tests suggest that there is heteroskedasticity present in the models for Return on Assets (ROA), Return on Equity (ROE), and Economic Value Added (EVA). However, all of the models that rely on the Arellano-Bond Serial Correlation Tests do not exhibit any evidence of serial correlation.

4.2.7 Regression Estimate of Transparency and Financial Performance

Table 8: Transparency and Financial Performance

	ROA			ROE			EVA		
	Coeff.	t-value	p-value	Coeff.	t-value	p-value	Coeff.	t-value	p-value
RT	0.093266**	2.032275	0.0426	0.122302	0.323459	0.7475	0.000939**	2.483426	0.0133
ST	1.297104**	2.014626	0.0444	10.53343**	2.475843	0.0161	-0.006490	1.065403	0.2871
GT	0.471879	0.744650	0.4568	-4.826728	0.965896	0.3379	0.004917	0.769014	0.4422
FT	1.905031**	3.720418	0.0002	9.619841	1.571679	0.1212	0.010149	1.903075	0.0575
C	2.036453	1.024618	0.3059	-15.15132	0.683631	0.4968	-0.045675	1.860350	0.0633
R-squared	0.049333			0.190529			0.048448		
Adjusted R-squared	0.039982			0.160796			0.039089		
F-statistic	5.275770			9.081833			5.176370		
Prob(F-statistic)	0.000026			0.000000			0.000033		

** connotes 5% level of significance.

Source: Author's Computation (2024).

According to the findings of the regression analysis conducted using the Return on Assets (ROA) model, it can be inferred that there is a significant relationship between transparency and the financial performance of industrial businesses listed in Africa. The aim of this analysis is to evaluate the statistical significance of the coefficients. The negative coefficient of risk transparency

(RT) (-0.093266) suggests a negative relationship between risk transparency and return on assets (ROA), indicating that higher levels of risk transparency are associated with lower ROA. The data analysis reveals a strong inverse relationship between risk transparency and return on assets (ROA), as evidenced by the t-value of -2.032275 and the p-value of 0.0426. The Social Transparency (ST) coefficient of -1.297104 indicates a negative correlation between an increase in social transparency and a reduction in return on assets (ROA). The data analysis reveals a strong inverse relationship between social transparency and return on assets (ROA), as evidenced by the t-value of -2.014626 and the p-value of 0.0444. The observed relationship between the Return on Assets (ROA) and governance transparency demonstrates a positive connection, as seen by the coefficient of 0.471879 for Governance Transparency (GT). However, from the p-value of 0.4568 and the t-value of 0.744650, it can be concluded that the coefficient lacks statistical significance. Therefore, it is not possible to infer that the level of governance transparency has a major impact on the return on assets (ROA).

The empirical evidence supports a positive relationship between enhanced financial transparency and higher return on assets (ROA), as indicated by the estimated coefficient of 1.905031 for the Financial Transparency (FT) variable. Based on the t-value of 3.720418 and the p-value of 0.0002, it can be concluded that there exists a statistically significant positive association between financial transparency and return on assets (ROA). The coefficient of business size, which is 0.673772, suggests that larger firms tend to have higher return on assets (ROA). Nevertheless, considering the p-value of 0.0695 and the t-value of 1.818595, it may be concluded that the coefficient lacks statistical significance. Consequently, it is not possible to derive any conclusive findings about the size-related implications of return on assets (ROA). The coefficient associated with the variable representing the age of the firm is 0.021968, suggesting a positive relationship between the age of the firm and its return on assets (ROA). However, based on the p-value of 0.1206 and the t-value of 1.554356, it can be concluded that the coefficient lacks statistical significance. It is inconclusive if the age of a corporation significantly impacts its return on assets (ROA). The intercept coefficient, denoted as 2.036453, represents the anticipated return on assets (ROA) while all other independent variables are held at zero. Based on the t-value of 1.024618 and the p-value of 0.3059, it can be concluded that there is no statistically significant distinction between the intercept and zero.

The R-squared value of 0.049333 suggests that around 4.93% of the variability in Return on Assets (ROA) can be accounted for by the independent variables. The updated model incorporates the degrees of freedom in the analysis, as seen by the adjusted R-squared value of 0.039982. The model's F-statistic of 5.275770, accompanied by a p-value of 0.000026, demonstrates both statistical significance and a substantial explanatory capacity for the whole model. Based on the overview of the investigation, there exists a negative association between heightened risk and social openness, and the return on assets (ROA) of manufacturing companies listed in sub-Saharan Africa. Conversely, a positive association is observed between financial transparency and the ROA of these companies. Nevertheless, the present model does not reveal any significant associations between return on assets (ROA) and factors such as governance transparency, business size, or firm age.

The results from the regression analysis conducted on the Return on Equity (ROE) model provide insights into the impact of transparency on the financial performance of publicly traded industrial firms in Africa. The Concept of Risk Tolerance: The coefficient of 0.1222302 indicates a positive correlation between risk transparency and return on equity (ROE). Based on the p-value of 0.7475 and t-value of 0.323459, it can be concluded that the coefficient lacks statistical significance. Consequently, definitive inferences regarding the impact of risk transparency on return on equity (ROE) cannot be made. A discernible inverse relationship may be shown between return on equity (ROE) and social transparency, as evidenced by the Social Transparency (ST) coefficient of -10.53343. The data suggests a substantial inverse relationship between social transparency and return on equity (ROE), as evidenced by the t-value of -2.475843 and the p-value of 0.0161.

The observed relationship between return on equity (ROE) and governance transparency is shown to be negative, as evidenced by the coefficient of -4.826728 for governance transparency (GT). However, based on the p-value of 0.3379 and the t-value of -0.965896, it can be concluded that the coefficient lacks statistical significance. Consequently, definitive inferences regarding the impact of governance transparency on return on equity (ROE) cannot be made. A favorable association between return on equity (ROE) and financial transparency is evident, as demonstrated by the Financial Transparency (FT) coefficient of 9.619841. However, based on the statistical analysis, it can be concluded that the coefficient is not statistically significant, as indicated by the p-value of 0.1212 and the t-value of 1.571679. Therefore, it is difficult to establish definitive findings on the impact of financial openness on return on equity (ROE).

The coefficient of firm size is 4.943652, indicating a positive relationship between the size of a firm and its return on equity (ROE). This suggests that larger organizations tend to exhibit higher levels of ROE. Based on the p-value of 0.2830 and the t-value of 1.083112, it can be concluded that the coefficient lacks statistical significance. Consequently, it is not feasible to derive any definitive inferences on the relationship between size and return on equity (ROE). The coefficient associated with the variable "AGE" is 0.125013, suggesting a positive relationship between the age of the firm and its return on equity (ROE). However, based on the p-value of 0.3950 and the t-value of 0.856636, it may be concluded that the coefficient lacks statistical significance. Consequently, it is not feasible to derive definitive conclusions on the extent to which the age of a firm impacts its return on equity (ROE).

The intercept coefficient, which is estimated to be -15.15132, represents the expected return on equity (ROE) when all other independent variables in the model are equal to zero. Based on the t-value of -0.683631 and the p-value of 0.4968, it can be concluded that there is insufficient evidence to support a statistically significant distinction between the intercept and zero. The R-squared value of 0.190529 suggests that the independent variables explain approximately 19.05% of the variability observed in the return on equity (ROE). The adjusted model accounts for the degrees of freedom in the analysis, as seen by the adjusted R-squared value of 0.160796. The model's F-statistic of 9.081833, along with a p-value of 0.000000, demonstrates statistical significance and implies that the model possesses a substantial explanatory capability.

The outcomes of the analysis indicate a substantial decrease in return on equity (ROE) for industrial companies listed in sub-Saharan Africa as a result of social transparency. Nevertheless, the present model does not demonstrate any statistically significant associations between return on equity (ROE) and risk transparency, governance transparency, financial transparency, firm size, firm age, and the intercept. The financial performance of listed industrial businesses in Africa is assessed using the Economic Value Added (EVA) model, and the regression analysis reveals the impact of transparency on this performance. There is evidence of a negative correlation between risk transparency and economic value added (EVA), as demonstrated by the coefficient of -0.000939 for risk transparency (RT). Based on the available data, it can be inferred that there is a statistically significant negative relationship between risk transparency and EVA. This inference is supported by the t-value of -2.483426 and the p-value of 0.0133. The data suggests a negative relationship between social transparency and EVA, as evidenced by the coefficient of -0.006490 for Social Transparency (ST). However, based on the statistical analysis, it can be concluded that the coefficient is not statistically significant, as indicated by the p-value of 0.2871 and the t-value of -1.065403. Consequently, definitive conclusions regarding the significance of social transparency for EVA remain elusive.

The findings indicate a positive link between governance transparency and economic value added (EVA), as evidenced by the coefficient of 0.004917 for governance transparency (GT). Based on the provided p-value of 0.4422 and t-value of 0.769014, it can be concluded that the coefficient lacks statistical significance. Therefore, it is not possible to establish definitive findings on the significance of governance transparency for Economic Value Added (EVA). Moreover, the data analysis revealed a noteworthy association between financial transparency and Economic Value Added (EVA), as indicated by the coefficient of 0.010149 for Financial Transparency (FT). The coefficient does not reach statistical significance, as indicated by a t-value of 1.903075 and a p-value of 0.0575. Therefore, it is not possible to establish definitive findings on the impact of financial openness on Economic Value Added (EVA).

The intercept coefficient, which is estimated to be -0.045675, is the anticipated expected value of the dependent variable when all other independent variables are set to zero. Based on the t-value of -1.860350 and the p-value of 0.0633, it can be deduced that there exists a modest statistical distinction between the intercept and zero. Based on an R-squared value of 0.048448, it can be deduced that the independent variables explain approximately 4.84% of the observed variability in EVA. The updated model incorporates the degrees of freedom in the study, as seen by the adjusted R-squared value of 0.039089. The p-value of 0.000033 suggests statistical significance, indicating that the F-statistic of 5.176370 possesses substantial explanatory power for the overall model. The outcomes of the investigation indicate that there is a substantial negative relationship between risk transparency and Economic Value Added (EVA) in industrial companies listed in Africa. In this model, it is seen that the variables of intercept, firm size, firm age, financial transparency, governance transparency, and social transparency do not have statistically significant connections with EVA.

4.5 Discussion of Results

African firms have encountered difficulties in global financial markets due to deficiencies in their business and reporting practices, particularly their failure to adapt to the rapidly changing expectations of stakeholders. This study explored how transparency affects the financial performance of listed manufacturing firms in selected Sub-Saharan African countries, using four key disclosure categories: Risk, Social, Governance, and Financial. The findings revealed mixed outcomes for different types of transparency. Risk transparency had a significant negative impact on Return on Assets (ROA) and Economic Value Added (EVA), indicating that firms disclosing more risk-related information might be perceived as higher risk, leading to lower performance in these areas. However, it had an insignificant positive effect on Return on Equity (ROE), suggesting that risk transparency may not significantly affect equity returns. Social transparency also had a significant negative impact on both ROA and ROE, implying that disclosing social responsibility initiatives might be costly or that stakeholders may not prioritize these aspects, negatively affecting profitability. Its impact on EVA was insignificant. Governance transparency showed a positive but insignificant effect on ROA and EVA, suggesting that while governance-related disclosures may contribute to overall firm performance, their impact is not strong enough to be statistically significant. However, its negative insignificant effect on ROE indicates that governance transparency might not have a noticeable influence on equity returns. Lastly, financial transparency had a significant positive effect on ROA and EVA, indicating that financial disclosures are valued by the market, enhancing the firm's profitability and value creation. However, its effect on ROE, while positive, was insignificant, meaning that the benefits of financial transparency may not directly translate into higher returns for equity holders.

5. CONCLUSION AND RECOMMENDATIONS

This study examined how transparency, measured across four disclosure categories: Risk, Social, Governance, and Financial affects the financial performance of listed manufacturing firms in selected Sub-Saharan African countries. The results showed mixed effects. Risk transparency had a significant negative effect on Return on Assets (ROA) and Economic Value Added (EVA) but an insignificant positive effect on Return on Equity (ROE). Social transparency also had a significant negative impact on both ROA and ROE, while its effect on EVA was insignificant. Governance transparency showed insignificant positive effects on ROA and EVA, while its effect on ROE was negative and insignificant. Finally, financial transparency positively and significantly influenced ROA and EVA, but its effect on ROE was positive yet insignificant. The study concludes that transparency impacts financial performance differently depending on the type of disclosure. While financial transparency enhances profitability and value creation, risk and social transparency negatively affect performance, possibly because they highlight areas of vulnerability or social costs that do not immediately benefit profitability. Governance transparency, while important, has yet to yield significant measurable effects on firm performance in these contexts. These findings underscore the need for firms in Sub-Saharan Africa to carefully balance the extent and type of information disclosed to optimize financial outcomes while meeting stakeholder expectations.

The study recommends that firms improve their financial transparency as it has the most significant positive impact on firm performance, particularly on ROA and EVA. Policymakers should

encourage better governance and risk management disclosures, but firms must find ways to present risk information in a manner that does not unduly alarm investors. For social transparency, firms need to evaluate their corporate social responsibility activities to ensure they provide value to both the community and the firm's financial health. Additionally, regional regulators should develop frameworks that promote balanced disclosure practices that consider both the costs and benefits of transparency for firms in Sub-Saharan Africa.

This research contributes to the understanding of how transparency affects financial performance, providing valuable insights for policymakers, accounting practitioners, and scholars. For government policy, it highlights the importance of creating regulatory environments that support optimal transparency levels, fostering investor confidence without overburdening firms. In accounting practices, it offers guidance on the kinds of disclosures that most influence profitability, emphasizing the need for firms to focus on financial transparency. From the perspective of accounting theories, the study aligns with stakeholder theory, which posits that organizations must respond to stakeholder demands, but it also reveals the complexities involved in balancing transparency with financial outcomes, particularly in developing economies like those in Sub-Saharan Africa.

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