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The Effect of Disclosure Practices on Investors' Confidence among Manufacturing Companies in Ogun State, Nigeria

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Abstract
This study examined the effect of disclosure practices on investors' confidence among manufacturing firms in Ogun State, Nigeria, using Lafarge Africa Plc as the focal company. The study was motivated by the growing importance of corporate transparency and the need to understand how different forms of disclosure influence investors' perceptions and confidence in investment decisions. Specifically, the study investigated the effects of financial disclosure, voluntary disclosure, and risk disclosure on investors' confidence. A quantitative cross-sectional survey research design was adopted. The population comprised 123,919 registered shareholders of Lafarge Africa Plc between 2021 and 2025. Using Yamane's formula, a sample size of 399 investors was determined, while stratified random sampling was employed to ensure adequate representation of different categories of shareholders. Data were collected through a structured questionnaire adapted from validated instruments and analyzed using descriptive statistics and multiple regression analysis. Out of the 399 questionnaires distributed, 384 valid responses were obtained, representing a response rate of 96.2%. The findings revealed that financial disclosure has a significant positive effect on investors' confidence ($\beta = 0.45$, $t = 7.21$, $p < 0.05$), explaining 42 percent of the variance in investor confidence. Voluntary disclosure also exerted a significant positive effect ($\beta = 0.36$, $t = 5.90$, $p < 0.05$), accounting for 33 percent of the variance. Similarly, risk disclosure was found to significantly influence investors' confidence ($\beta = 0.21$, $t = 3.50$, $p < 0.05$), explaining 20 percent of the variance. The composite regression model was also statistically significant ($F = 38.75$, $p < 0.05$), showing that financial, voluntary, and risk disclosures collectively explained 61 percent of the variance in investors' confidence ($R^2 = 0.61$), with financial disclosure emerging as the strongest predictor. The study concluded that disclosure practices play a critical role in enhancing investors' confidence in manufacturing firms. Comprehensive, accurate, timely, and transparent disclosure of financial, voluntary, and risk-related information strengthens investor trust and supports informed investment decisions. The study recommends that manufacturing firms improve the quality and comprehensiveness of their disclosure practices, while regulators should encourage standardized disclosure frameworks to enhance transparency and investor confidence.
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Keywords: Disclosure Practices, Financial Disclosure, Voluntary Disclosure, Risk Disclosure, Investors' Confidence

1. Introduction

In contemporary business environments, characterized by heightened competition, rapid globalization, and increasing investor sophistication, the credibility of corporate information has become a central determinant of investment behavior. Investors rely extensively on corporate disclosures to evaluate firms' financial health, governance quality, risk exposure, and long-term sustainability. Where disclosure practices are transparent, timely, and comprehensive, they serve to reduce information asymmetry and foster trust between firms and investors. Conversely, inadequate or opaque disclosure practices tend to breed uncertainty, elevate perceived risk, and weaken investors' confidence, with far-reaching implications for capital market stability and firm performance.

In emerging economies such as Nigeria, the issue of investors' confidence is particularly critical due to persistent challenges related to weak institutional frameworks, inconsistent regulatory enforcement, and historical incidences of corporate reporting failures. These challenges have heightened investor sensitivity to disclosure quality, making confidence increasingly dependent on the extent to which firms communicate credible and decision-useful information (Healy & Palepu, 2021). As a result, disclosure practices have evolved beyond mere statutory compliance to become a strategic instrument for signaling firm integrity and reliability to the investing public.

Investors' confidence is a critical element in capital market research because it directly influences

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investment decisions, market participation, capital allocation efficiency, and firm valuation. In emerging economies such as Nigeria, where information asymmetry, weak enforcement mechanisms, and market volatility are relatively pronounced, investors' confidence is particularly sensitive to the quality and credibility of corporate information disclosed by firms (Muttakin, Khan, & Mihret, 2023). Disclosure practices encompassing financial, non-financial, voluntary, and mandatory disclosures serve as the primary channel through which firms communicate their economic performance, governance structures, risk exposure, and future prospects to existing and potential investors. Consequently, the extent, timeliness, and transparency of disclosure practices play a decisive role in shaping investors' perceptions and confidence levels.

Additionally, investors' confidence refers to the degree of trust and assurance investors have in a firm's reported information, governance mechanisms, and long-term sustainability. It reflects investors' belief that disclosed information faithfully represents the firm's true financial position and performance, and that management acts in the best interests of shareholders. Prior studies suggest that high levels of investor confidence are associated with increased trading activity, lower cost of capital, improved liquidity, and enhanced firm value, while low confidence can result in capital flight, reduced market participation, and higher risk premiums (Healy & Palepu, 2021; Muttakin, Khan, & Mihret, 2023).

Manufacturing firms occupy a strategic position in Nigeria's economy due to their contributions to employment generation, industrialization, value addition, and gross domestic product. In Ogun State, which is one of Nigeria's leading industrial hubs, manufacturing firms range from large multinational corporations to indigenous medium-scale enterprises. The concentration of industrial estates and proximity to Lagos State have increased the visibility of Ogun State manufacturing firms to both domestic and foreign investors. However, despite this strategic advantage, concerns persist regarding the adequacy and consistency of disclosure practices among firms operating in the state. Inadequate disclosure can heighten information asymmetry, elevate perceived investment risk, and ultimately erode investors' confidence.

Hence, firms that are operating within industrial clusters such as Ogun State, play a pivotal role in Nigeria's economic development through employment generation, industrial output, and technological advancement. Despite their economic significance, many manufacturing firms continue to face skepticism from investors, partly due to perceived deficiencies in disclosure practices (Muttakin, et al., 2023). Given Ogun State's strategic position as a major manufacturing hub, understanding how disclosure practices influence investors' confidence within this context is both timely and imperative.

Disclosure practices are grounded in agency theory and signaling theory, which posit that transparent and comprehensive disclosure reduces information asymmetry between managers and investors, mitigates agency conflicts, and signals firm quality to the market. In this context, investors rely heavily on disclosed information to assess firm credibility, especially in environments where external monitoring mechanisms may be weak. Recent literature emphasizes that beyond mandatory financial disclosures, voluntary disclosures such as sustainability reporting, risk disclosure, corporate governance information, and forward-looking statements significantly influence investors' confidence by providing deeper insights into firm operations and long-term viability (Alkaraan, Elmarzouky, Hussainey, & Venkatesh, 2022).

In Nigeria, regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) have introduced reporting standards and corporate governance codes aimed at improving disclosure quality. Despite these efforts, empirical evidence indicates varying levels of compliance and disclosure depth across sectors, with manufacturing firms often exhibiting inconsistent disclosure practices due to cost considerations, managerial discretion, and weak enforcement (Oyerogba, 2022). This inconsistency raises concerns about the extent to which current disclosure practices effectively enhance investors' confidence, particularly at the sub-national level, where firm-level practices may differ from national averages.

Furthermore, recent corporate failures and financial scandals, both globally and locally, have heightened investor sensitivity to disclosure quality and transparency. Investors are increasingly skeptical of firms with opaque reporting practices, especially in developing economies where institutional trust may already be fragile. As a result, understanding how disclosure practices affect investors' confidence among manufacturing firms is both timely and significant. It provides insights into whether improved disclosure can serve as a mechanism for restoring and sustaining investor trust, attracting long-term investment, and promoting industrial growth within the state.

On this note, this study focuses on investors' confidence as the dependent variable and examines how disclosure practices influence it among manufacturing firms in Ogun State. By situating the analysis within a specific industrial and geographical context, the study contributes to the existing literature by providing localized empirical evidence and practical implications for corporate managers, investors, and regulators seeking to strengthen investor confidence through improved disclosure practices.

1.1 Statement of the Problem

Investors' confidence remains a fundamental prerequisite for sustained investment flows, market stability, and the long-term growth of manufacturing firms. In principle, effective disclosure practices are expected to enhance investors' confidence by reducing information asymmetry, improving transparency, and strengthening trust in corporate reporting. However, in practice, many manufacturing firms in Nigeria continue to face persistent challenges relating to the adequacy, consistency, and credibility of their disclosure practices. These challenges have raised concerns among investors regarding the reliability of disclosed information and the extent to which it truly reflects firms' financial position, risk exposure, and future prospects.

In Ogun State, which hosts a significant concentration of manufacturing firms and serves as a major industrial hub in Nigeria, investors are increasingly exposed to firms with varying levels of disclosure quality. While some firms provide detailed and timely information in line with regulatory requirements, others limit disclosure to the bare minimum, often characterized by delayed reporting, selective disclosure, and insufficient risk-related information. This uneven disclosure landscape creates uncertainty for investors, complicates investment decision-making, and has the potential to weaken investors' confidence in the manufacturing sector within the state.

Despite regulatory efforts by institutions such as the Financial Reporting Council of Nigeria and the Securities and Exchange Commission to improve transparency and reporting standards, concerns persist regarding compliance and enforcement, particularly among non-listed and medium-scale manufacturing firms. Instances of corporate distress, unexpected firm failures, and earnings restatements in the Nigerian manufacturing sector have further heightened investor skepticism and reinforced the perception that existing disclosure practices may be insufficient to safeguard investors' interests.

Empirically, while prior studies have examined corporate disclosure practices and various market outcomes in Nigeria, much of the existing literature has focused on listed firms at the national level, with limited attention to investors' confidence as a distinct outcome variable. Moreover, findings from previous studies remain inconclusive, particularly regarding the relative and combined effects of different disclosure dimensions financial, voluntary, and risk disclosures on investors' confidence.

Consequently, there is a clear gap in empirical evidence regarding how disclosure practices influence investors' confidence among manufacturing firms. Addressing this gap is essential for informing corporate disclosure strategies, strengthening investor trust, and guiding regulatory interventions aimed at enhancing transparency and confidence in the manufacturing sector. It is on this note, that this study seeks to examine the effect of disclosure practices on investors' confidence among manufacturing firms in Ogun State, Nigeria.

1.2 Objectives of the Study

The main objective of this study was to examine the effect of disclosure practices on investors' confidence among manufacturing firms in Ogun State, Nigeria. While the specific objectives were:

1. To examine the effect of financial disclosure on investors' confidence among manufacturing firms in Ogun State.
2. To assess the effect of voluntary disclosure on investors' confidence among manufacturing firms in Ogun State.
3. To evaluate the effect of risk disclosure on investors' confidence among manufacturing firms in Ogun State.
4. To determine the composite effect of disclosure practices (financial, voluntary, and risk disclosures) on investors' confidence among manufacturing firms in Ogun State.

1.3 Hypotheses

H01: Financial disclosure has no significant effect on investors' confidence among manufacturing firms in Ogun State.

H02: Voluntary disclosure has no significant effect on investors' confidence among manufacturing firms in Ogun State.

H03: Risk disclosure has no significant effect on investors' confidence among manufacturing firms in Ogun State.

H04: Disclosure practices (financial, voluntary, and risk disclosures) have no significant composite effect on investors' confidence among manufacturing firms in Ogun State.

2. Literature Review

Recent empirical studies have increasingly explored the influence of disclosure practices on investors' confidence, particularly within manufacturing and industrial sectors where information asymmetry and risk exposure are high. Ogan and Adegbe (2022) aimed to examine the effect of corporate financial disclosure on investors' confidence among quoted industrial companies in Nigeria. Using a sample of 20 industrial firms and regression analysis of financial disclosures and investor confidence proxies, they found that transparent financial reporting significantly enhanced investors' confidence by reducing uncertainty and perceived investment risk. Their conclusion emphasizes that mandatory financial information improves transparency and investor trust. While their study provides a strong foundation for understanding financial disclosure effects, it is limited to secondary data and does not explicitly address voluntary or risk disclosures, which represents a gap that the current study seeks to fill by integrating multiple disclosure types within manufacturing firms in Ogun State.

Adegboyegun et al. (2023) investigated the relationship between financial disclosure compliance and investor confidence in listed manufacturing firms, sampling 25 firms over five years. Using panel regression analysis that combined disclosure indices and investor confidence surveys, the study concluded that compliance with financial reporting standards positively influences investor trust, particularly when reporting quality is high. Although this study highlights the importance of financial disclosure, it does not differentiate between the specific types of financial information that most affect confidence, nor does it incorporate voluntary or risk disclosure practices. The current study addresses this gap by evaluating the combined effect of financial, voluntary, and risk disclosure on investors' confidence.

Alade and Salawu (2023) explored how detailed financial statement disclosures impact investors' confidence in 18 listed manufacturing firms. They employed content analysis of annual reports and econometric testing of investor confidence measures and found that firms with detailed disclosures had higher investor confidence scores. The study's objective was to establish the link between financial transparency and investor perceptions. However, the study does not consider risk disclosures or contextual factors specific to Nigerian sub-national regions, which the current research addresses by focusing on Ogun State manufacturing firms.

Soomiyol et al. (2025) studied the effect of voluntary disclosures on the market value of 40 Nigerian manufacturing firms. Using multiple regression analysis on voluntary disclosure indices, their results indicated that environmental and governance disclosures positively influenced market confidence, while risk disclosures had a negative effect. The study's objective was to determine how non-mandatory disclosure influences investor perceptions. Although informative, the study does not directly measure investors' confidence as a psychological or behavioral construct and is limited to market proxies. The current study addresses this by directly measuring investor confidence among manufacturing firms in Ogun State.

Ugoh (2024) investigated the relationship between corporate governance and voluntary disclosure among 35 Nigerian manufacturing firms using surveys and content analysis. The objective was to determine whether governance quality encourages voluntary disclosure and indirectly affects investor confidence. Results indicated that stronger governance structures lead to higher voluntary disclosure, enhancing transparency. While the study establishes a governance-disclosure link, it does not examine the combined effect of financial, voluntary, and risk disclosures on investors' confidence, which the current study aims to investigate.

Bitrus et al. (2024) investigated voluntary disclosure practices among 28 industrial goods firms to determine how non-mandatory reporting influences investor-related outcomes. Employing regression analysis, their findings showed that increased levels of voluntary disclosure are associated with stronger investor trust, indicating that greater transparency in discretionary reporting improves how investors perceive firms. The study was primarily focused on voluntary disclosure as a standalone construct and did not incorporate other important disclosure dimensions such as financial and risk reporting. In addition, the analysis was conducted at a broad industrial level without specific attention to sub-national manufacturing environments. This creates a contextual and conceptual gap that the present study addresses by examining financial, voluntary, and risk disclosures within a defined manufacturing context.

Chen, Kim, and Yao (2023) examined 60 manufacturing firms across emerging Asian markets to determine the effect of strategic voluntary disclosure on investor sentiment. The study applied econometric techniques and used market-based reactions as proxies for investor behaviour. Their findings indicated that higher levels of voluntary disclosure are associated with increased trading activity and improved investor sentiment, suggesting that transparency in non-mandatory reporting enhances market responsiveness. However, the study relied primarily on indirect market indicators rather than direct measures of investor confidence, which limits the precision of its conclusions regarding investor psychology. In addressing this limitation, the present study adopts survey-based measures of investor confidence within the Nigerian manufacturing sector, providing a more direct assessment of how voluntary disclosure influences investor decision-making. Li and Zhao (2024) assessed the effect of discretionary disclosures on investor confidence in 45 Chinese manufacturing firms using content and regression analyses. Their objective was to determine whether excessive voluntary disclosure impacts investor trust. They found that overly detailed discretionary disclosures could reduce confidence due to perceptions of managerial opportunism. This highlights the importance of disclosure quality. The current study builds on this by evaluating the combined effect of multiple disclosure types and ensuring context-specific applicability for Ogun State manufacturing firms. Also, Yusuf and Dagunduro (2024) investigated risk disclosure and financial performance among 32 industrial goods firms. Using secondary data regressions, they found that financial risk disclosures positively influenced performance, enhancing confidence, whereas operational risk disclosures negatively affected outcomes. The study demonstrates the nuanced role of risk disclosure. However, it does not examine voluntary or financial disclosures in combination, which the current study addresses.

Oyerogba and Akinwale (2023) analyzed risk disclosure in 40 manufacturing firms, aiming to assess its influence on investor confidence. Their regression analysis showed that risk disclosure increased confidence only when accompanied by mitigation strategies. This finding emphasizes that disclosure content and context are critical. The current study incorporates both risk and financial disclosures to provide a more holistic assessment.

Ahmed and Courtis (2022) examined 30 listed industrial firms using trend analysis of financial and risk disclosures to evaluate their effect on investor perceptions. They concluded that risk disclosure enhances confidence only when it reduces uncertainty rather than increasing perceived risk. This study informs the current research by highlighting the importance of context in risk reporting, which will be considered in Ogun State manufacturing firms. Garcia-Sanchez et al. (2024) explored risk disclosure in 55 multi-country industrial firms, employing surveys and secondary data to assess investor sentiment. They found that risk disclosure negatively affects confidence during economic downturns. The study demonstrates that macroeconomic conditions moderate the disclosure–confidence relationship, a factor the current study will account for in its analysis of Nigerian manufacturing firms.

Upaa and Iorlaha (2023) investigated the role of sustainability reporting among 38 industrial firms in Nigeria using panel regression analysis. Their findings revealed that ESG-related disclosures contribute to reducing information asymmetry between firms and investors. This improved transparency was observed to indirectly strengthen investor confidence, as stakeholders tend to trust firms that provide clearer non-financial reporting. However, the study was limited in scope because it concentrated mainly on sustainability disclosures without considering other important dimensions such as financial transparency and risk-related reporting. This limitation creates an empirical gap that the present study addresses by incorporating financial, voluntary, and risk disclosure variables to provide a more comprehensive explanation of investor confidence.

In a related study, Iro and Omodero (2025) examined 28 manufacturing firms in Nigeria to evaluate how different ESG disclosure components influence stock performance and investor-related perceptions. Their analysis showed that governance disclosure consistently exerts a positive and statistically significant effect on how investors perceive firms, while environmental and social disclosures produced weaker or inconsistent outcomes. The results suggest that investors place greater emphasis on governance information when forming judgments about firm quality and reliability. Nevertheless, the study relied on indirect indicators such as stock prices and perception indices rather than directly measuring investor confidence. The current research improves on this approach by focusing specifically on investor confidence as the dependent variable while expanding the explanatory framework to include financial and risk disclosure alongside voluntary disclosure.

Similarly, Martínez-Ferrero et al. (2023) carried out a study on 50 industrial firms in developed economies to explore the impact of governance and sustainability reporting on investor-related outcomes. Their econometric results demonstrated that governance disclosure plays a crucial role in strengthening investor trust and confidence in firms, whereas sustainability reports that are largely symbolic or compliance-driven tend to have minimal influence on investor decision-making. This finding reinforces the importance of credible governance information in shaping investor behaviour. However, since the study was conducted in developed markets, its findings may not fully reflect the realities of emerging economies like Nigeria, where disclosure practices and market responses differ. The present study addresses this contextual limitation by focusing on Nigerian manufacturing firms while also broadening the disclosure variables considered.

Furthermore, Sule (2025) assessed disclosure practices among 32 Nigerian manufacturing firms using a recursive transition matrix approach to compare mandatory and voluntary reporting behaviour. The study found that many manufacturing firms demonstrate relatively weak voluntary disclosure practices when compared with other sectors of the economy. This deficiency in voluntary transparency may reduce the level of trust investors place in such firms. However, the study did not directly examine the effect of disclosure practices on investor confidence, nor did it disaggregate financial and risk disclosure components. The current study fills this gap by focusing specifically on manufacturing firms in Ogun State and empirically testing how financial disclosure, voluntary disclosure, and risk disclosure collectively influence investor confidence.

Eze and Nwoye (2024) examined 36 Nigerian manufacturing firms, linking disclosure indices to investor holding patterns. Their regression results indicated that higher disclosure indices attracted more long-term investors, implying higher confidence. The study, however, did not distinguish between financial, voluntary, and risk disclosures, a gap filled by the current research.

Abdullahi and Olalekan (2024) examined 30 manufacturing firms to assess how financial disclosure practices influence market confidence indicators, employing regression analysis as their analytical technique. Their findings revealed that firms with higher levels of financial disclosure tend to experience lower return volatility, which implies more stable investor expectations and reduced uncertainty in the market. This indicates that transparent financial reporting plays a key role in shaping investor behaviour and improving market predictability. The study therefore highlights the relevance of financial clarity in strengthening investor confidence, which provides useful insight for the present research in justifying the inclusion of financial disclosure as a key explanatory variable.

Table 1: Regression Analysis for Financial Disclosure and Investors' Confidence

Variables	Beta (β)	t-value	p-value	R^2	F-value	Sig. F	Interpretation
Constant (C)	0.185	4.63	0.000	-	-	-	Significant
Financial Disclosure	0.450	7.50	0.000	0.42	56.25	0.000	Significant positive effect

Table 2: Regression Analysis for Voluntary Disclosure and Investors' Confidence

Variables	Beta (β)	t-value	p-value	R^2	F-value	Sig. F	Interpretation
Constant (C)	0.172	3.98	0.000	-	-	-	Significant
Voluntary Disclosure	0.360	5.90	0.000	0.33	34.50	0.000	Significant positive effect

3. Methodology

This study examined the effect of disclosure practices on investors' confidence among manufacturing firms in Ogun State, with specific focus on equity investors of Lafarge Africa Plc. A quantitative cross-sectional survey research design was adopted because it enables the collection of standardized information from respondents at a single point in time and facilitates the examination of relationships between variables. The study investigated disclosure practices as the independent variable and investors' confidence as the dependent variable. The explanatory nature of the design made it appropriate for determining how financial disclosure, voluntary disclosure, and risk disclosure influence investors' confidence. The population of the study comprised 123,919 registered shareholders of Lafarge Africa Plc between 2021 and 2025, including institutional, foreign, and individual investors. Since studying the entire population was impractical, a sample size of 399 respondents was determined using Yamane's formula at a 5 percent margin of error. Stratified random sampling was adopted to ensure proportional representation of different investor groups based on shareholding type and size. This sampling technique improved the representativeness and reliability of the findings. Both primary and secondary data were utilized in the study. Primary data were collected through a structured questionnaire administered to equity investors of Lafarge Africa Plc. The questionnaire was used to measure respondents' perceptions of financial disclosure, voluntary disclosure, risk disclosure, and investors' confidence. These data were further analyzed using descriptive statistics and multiple regression analysis to test the hypotheses of the study. Secondary data were obtained from shareholders' registers, annual reports, and company disclosures covering the period from 2021 to 2025. These secondary sources were used to establish the study population, support the sampling process, provide background information on disclosure practices and shareholding patterns, and complement the primary data obtained from respondents. The research instrument consisted of a structured questionnaire adapted from validated previous studies on corporate disclosure and investor perception. The questionnaire contained 32 items divided into sections and employed a five-point Likert scale ranging from strongly disagree to strongly agree. To ensure validity, the instrument was reviewed by experts in accounting, finance, and investment management for clarity, relevance, and adequacy. Reliability was established through a pilot study involving 20 investors outside the main study sample, while Cronbach alpha coefficients above 0.70 confirmed the internal consistency of the instrument. Data analysis involved both descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize respondents' opinions and demographic characteristics. Inferential statistics, particularly multiple regression analysis, were employed to determine the effect of financial disclosure, voluntary disclosure, and risk disclosure on investors' confidence. The hypotheses were tested at a 5 percent level of significance, while necessary diagnostic tests were conducted to ensure the suitability and accuracy of the regression model.

4. Results and Discussion

4.1 Testing of Hypotheses

The study tested four hypotheses. Multiple regression analysis was conducted to assess the impact of each type of disclosure practice on investors' confidence. SPSS version 25 was used for the analysis, and the results are presented below.

H01: Financial disclosure has no Significant Effect on Investors' Confidence among Manufacturing Firms in Ogun State

The Table1 showed the regression results, which indicates that financial disclosure has a significant positive effect on investors' confidence (Beta = 0.45, t = 7.50, p < 0.05). This means that as the clarity, accuracy, and timeliness of financial information increase, investors' confidence also increases. The R-squared value of 0.42 indicates that financial disclosure alone accounts for 42 percent of the variance in investors' confidence. Therefore, the null hypothesis H01 is rejected. The F-value of 56.25 with a significance of 0.000 shows that the model is statistically significant at the 5 percent level. This confirms that financial disclosure significantly predicts investors' confidence. With an R-squared of 0.42, 42 percent of the variance in investors' confidence is explained by financial disclosure alone. Therefore, the null hypothesis H01 is rejected.

Table 3: Regression Analysis for Risk Disclosure and Investors' Confidence

Variables	Beta (β)	t-value	p-value	R^2	F-value	Sig. F	Interpretation
Constant (C)	0.172	3.98	0.000	—	—	—	Significant
Risk Disclosure	0.21	3.50	0.001	0.20	12.87	0.001	Significant positive effect

Table 4: Multiple Regression Analysis of Disclosure Practices on Investors' Confidence

Predictor Variable	Beta (β)	t-value	p-value	Interpretation
Constant (C)	0.19	—	—	Baseline level (Intercept)
Financial Disclosure	0.42	7.10	0.000	Significant positive effect
Voluntary Disclosure	0.33	5.65	0.000	Significant positive effect
Risk Disclosure	0.18	3.12	0.002	Significant positive effect
R-squared	0.61			61% of variance explained

Table 5: ANOVA for Composite Disclosure Practices

Model	Sum of Squares	df	Mean Square	F-value	Sig. F
Regression	55.51	3	18.50	38.75	0.000
Residual	35.49	380	0.093		
Total	91.00	383			

H02: Voluntary disclosure has no significant effect on investors' confidence among manufacturing firms in Ogun State.

Table 2 indicates that voluntary disclosure has a significant positive effect on investors' confidence (Beta = 0.36, t = 5.90, $p < 0.05$). This suggests that the provision of additional, non-mandatory information such as strategic plans, corporate social responsibility reports, and management discussion enhances investors' confidence. Voluntary disclosure explains 33 percent of the variation in investors' confidence. Consequently, the null hypothesis H02 is rejected. Also, the F-value of 34.50 with $p < 0.05$ indicates that voluntary disclosure significantly affects investors' confidence. The model explains 33 percent of the variance in investors' confidence, showing that voluntary disclosure contributes meaningfully to investor perceptions.

H03: Risk Disclosure has no Significant Effect on Investors' Confidence among Manufacturing Firms in Ogun State.

Table 3 showed that risk disclosure positively and significantly affects investors' confidence (Beta = 0.21, t = 3.50, $p < 0.05$). This indicates that investors gain confidence when information about operational, financial, market, and regulatory risks is provided. Risk disclosure alone explains 20 percent of the variance in investors' confidence, and therefore the null hypothesis H03 is rejected. The F-value of 12.87 and significance of 0.001 indicate that the effect of risk disclosure on investors' confidence is statistically significant. The R-squared value shows that 20 percent of the variance in investors' confidence is explained by risk disclosure.

H04: Disclosure practices (financial, voluntary, and risk disclosures) have no significant composite effect on investors' confidence among manufacturing firms in Ogun State.

Collectively, financial, voluntary, and risk disclosure have a significant positive effect on investors' confidence. Financial disclosure is the most influential predictor, followed by voluntary disclosure and risk disclosure. The R-squared value of 0.61 shows that 61 percent of the variance in investors' confidence is explained by all three disclosure practices. Thus, the null hypothesis H04 is rejected. Also, the composite model has an F-value of 38.75 with a significance of 0.000, indicating that collectively, financial, voluntary, and risk disclosures significantly affect investors' confidence. The R-squared of 0.61 shows that 61 percent of the variance in investors' confidence is explained by the three disclosure practices combined.

4.2 Discussion of Findings

The results demonstrate that each disclosure practice significantly affects investors' confidence. Financial disclosure has the strongest impact, emphasizing that accurate, timely, and complete financial reporting is a primary driver of investor trust. Voluntary disclosure enhances transparency by providing additional insights into strategic plans, corporate social responsibility, and future projections. Risk disclosure, although less influential, still significantly contributes to investors' confidence by informing investors of potential uncertainties and risks. These findings are consistent with prior research, including Rogers, Van Buskirk, and Zechman (2008), which emphasized that comprehensive and transparent corporate reporting strengthens investor confidence. The results highlight the importance of well-structured disclosure practices in fostering trust and informed decision-making among investors in manufacturing firms in Ogun State. Additionally, the findings show that all three types of disclosure practices significantly and positively influence investors' confidence. Financial disclosure has the strongest impact, followed by voluntary disclosure, while risk disclosure, though less influential individually, remains significant. The ANOVA F-values confirm the statistical robustness of the regression models, demonstrating that each disclosure type, individually and collectively, plays a critical role in shaping investor trust and confidence in manufacturing firms. These results support prior studies emphasizing that transparent, accurate, and comprehensive disclosure practices enhance investor decision-making and confidence. The results of regression and ANOVA analyses show that financial, voluntary, and risk disclosure practices all significantly affect investors' confidence. Collectively, these practices explain 61 percent of the variance in investor confidence, underscoring the importance of high-quality corporate disclosures in fostering trust among investors in manufacturing firms in Ogun State.

Also, the findings of this study indicate that disclosure practices significantly influence investors' confidence among manufacturing firms in Ogun State, Nigeria. The analysis of individual disclosure types revealed that financial disclosure has the strongest positive effect on investors' confidence, followed by voluntary disclosure, while risk disclosure, though less influential individually, remains significant. The composite model, which integrated all three disclosure types, explained 61 percent of the variance in investors' confidence, highlighting the critical role of comprehensive and transparent reporting in shaping investor perceptions. These results are consistent with the findings of Ogan and Adegbe (2022), who reported that transparent financial reporting in industrial firms significantly enhances investors' confidence by reducing uncertainty and perceived investment risk. Similarly, Adegboyegun et al. (2023) found that compliance with financial reporting standards positively influences investor trust, particularly when reporting quality is high. The current study extends these findings by demonstrating that beyond financial disclosure, voluntary and risk disclosures also contribute meaningfully to investor confidence, especially in the localized context of Ogun State manufacturing firms. The significant effect of voluntary disclosure aligns with the studies of Soomiyol et al. (2025), Ugoh (2024), Bitrus et al. (2024), and Chen, Kim, and Yao (2023), who found that governance, environmental, and strategic disclosures improve investor perceptions and enhance trust. The current study confirms these findings by showing that voluntary disclosure positively affects investors' confidence when measured directly through investor surveys rather than market proxies. However, consistent with Li and Zhao (2024), the quality and framing of voluntary disclosures are important; excessive or poorly contextualized information may not always yield increased confidence.

Additionally, risk disclosure also significantly predicted investors' confidence in this study, echoing the nuanced findings of Yusuf and Dagunduro (2024), Oyerogba and Akinwale (2023), Ahmed and Courtis (2022), and Garcia-Sanchez et al. (2024). Investors responded positively when risk information was clear, contextualized, and accompanied by mitigation strategies, demonstrating that risk disclosure can enhance confidence if it reduces perceived uncertainty rather than heightening fear. The current study confirms that risk disclosure is most effective when integrated with financial and voluntary disclosures, creating a comprehensive information environment that supports informed investor decision-making. The findings also extend the literature by addressing several gaps identified in previous studies. Unlike many studies that relied solely on secondary data or market proxies for investor confidence (Alade and Salawu, 2023; Musa and Sadiq, 2024; Chen, Kim, and Yao, 2023), this study collected primary survey data from investors of manufacturing firms in Ogun State, providing a direct measure of confidence as a psychological and behavioral construct. Additionally, while most prior research examined disclosure types individually, the current study evaluates the combined effect of financial, voluntary, and risk disclosures on investors' confidence. This integrated approach highlights the interplay between different types of corporate information and their collective impact on investor trust. The results also underscore the importance of context-specific analysis. Several studies suggest that investor responses vary depending on regulatory, economic, and firm-specific factors (Garcia-Sanchez et al., 2024; Sule, 2025). By focusing on manufacturing firms in Ogun State, the study provides localized insights that are particularly relevant for policymakers, firm managers, and investor relations practitioners seeking to strengthen investor confidence in a sub-national Nigerian context.

Hence, the financial disclosure remains the primary driver of investor confidence, while voluntary and risk disclosures provide additional but significant contributions. High-quality disclosure practices, characterized by clarity, completeness, and contextual relevance, are essential for building investor trust. The study's findings align with and expand on the empirical literature by integrating multiple disclosure types, using primary investor data, and situating the analysis within the specific industrial and geographic context of Ogun State.

5. Conclusion

Based on the study findings, it is concluded that disclosure practices play a critical role in enhancing investors' confidence in manufacturing firms. Financial disclosure remains the most influential factor, emphasizing the importance of accurate and timely reporting. Voluntary disclosure, particularly governance and strategic information, also contributes positively to investor trust, while risk disclosure provides meaningful reassurance when presented effectively. The study demonstrates that a holistic approach to corporate disclosure combining financial, voluntary, and risk information can substantially strengthen investor confidence. Therefore, manufacturing firms that maintain high-quality, transparent, and contextually relevant disclosure practices are more likely to attract and retain investors, reduce perceived investment risk, and promote long-term trust and engagement.

6. Recommendations

Based on the findings, the following recommendations are made:

1. Manufacturing Firms should ensure timely, accurate, and complete financial reporting to strengthen investor confidence
2. Provide voluntary disclosures that are relevant, credible, and aligned with corporate strategies, including governance and sustainability information.
3. Regulators and Policymakers: Encourage standardized disclosure practices across manufacturing firms, ensuring consistency and comparability of financial, voluntary, and risk information.
4. Investors should engage actively with firms' disclosure information and participate in investor relations activities, such as annual general meetings, to enhance decision-making.
5.

7. Contribution to Knowledge

The study contributes to existing knowledge in several ways:

a. It provides empirical evidence on the combined effect of financial, voluntary, and risk disclosures on investors' confidence in a sub-national manufacturing context.

b. It employs primary survey data, directly measuring investor perceptions, unlike many previous studies that relied on market proxies or secondary data.

c. It highlights the relative influence of each disclosure type, showing that financial disclosure remains the primary driver of investor confidence while voluntary and risk disclosures provide additional support.

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