



# Impact of Disclosure Practices on Investment Decision: A Study on Different Parts of Disclosure Index of Listed Conventional Banks in Bangladesh

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## ABSTRACT

The purpose of this study is to evaluate the impact that various aspects of the disclosure index have on the decision-making processes that are important to investors. This study created an unweighted disclosure index in eight headings: the corporate profile, corporate governance, workers and social responsibility, risk management, financial performance indicators, income statement, balance sheet, and accounting policy. The individual disclosure of each part of the disclosure index has been calculated. This study also uncovered some problematic aspects of the decision-making process for investors, such as working capital ratio, current ratio, deposit assets ratio, cash deposit ratio, ROE, ROA, dividend payout ratio, and dividend yield ratio. To achieve the study objective, this study has used secondary data extracted from published audited annual reports of ten sample banks in Bangladesh from 2015 to 2019. The ANOVA test and multiple regression analysis with the ordinary least square model (OLS) have been employed to reveal the study findings. The results of the ANOVA test report significant variation in the disclosure scores of different parts of the disclosure index and the various concerned components of investors' decisions. The results of multiple regression analysis illustrated that the disclosure scores of the other parts of the disclosure index had a significant positive impact on the different concerned components of investors' decisions.

**Keywords:** Unweighted Disclosure Index, Disclosure Score, Investment Decision, Conventional Banks, Bangladesh

## INTRODUCTION

The banking industry is one of the essential prevailing financial sectors that significantly contribute to the field of commerce to maintain the sustainable economic development of any country. Commercial banks, especially private sector banks, are the most potent financial mediating instrument and ensure an indispensable role in the economic development of Bangladesh. However, true, there were no local private commercial banks up to 1982 Bangladesh. Currently, sixty-one scheduled banks are functioning in Bangladesh, out of which nine are again divided into six state-owned commercial banks and three specialized banks. Forty-three private commercial banks are again divided into thirty-three conventional private commercial banks and ten Islamic Shariah-based private commercial banks. There are also nine foreign commercial banks. Out of 61 scheduled banks, there are 30 listed banks and 22 conventional banks. The banking industry of Bangladesh runs under the different provisions of the various regulatory frameworks, namely the Companies Act of 1994, the Banking

Companies Act of 1991, the Securities and Exchange Commission of 1969, the Securities and Exchange Rules of 1987, and the accounting standards. The banking industry also follows the guidelines of Bangladesh Bank.

Commercial banks create an opportunity to enrich the different sectors of any country. The information disclosed by the banking sector's annual reports is essential to the interested parties, especially investors, to make effective investment decisions. Because corporate financial statements have become an essential source of information for investors, they make investment decisions based on this information. Decision makers must analyze the data contained in the financial statements to obtain meaningful information for use because, without the use of correct information, the decisions made by the decision makers may be impeded (Vestine et al., 2016). The concept of financial reporting has gained much importance for an increase in company form of organization, increased competition, and growth in the information needs of the different users. The financial reports comprise the statement of financial position, statement of comprehensive income, statement of

equity changes, and cash flow statement. In addition, financial reporting must possess all aspects of qualitative characteristics, such as understandability, comparability, consistency, relevance, reliability, and objectivity, to be helpful to the decision-maker (Bamidele et al., 2018). Decision makers who contemplate acquiring total or partial ownership of an enterprise expect to secure returns on their investment, such as dividends and an increase in the value of their investment. Both dividends and growth in the value of shares of a company depend on the future profitability of the enterprise. So, the investors are interested in future profitability (Blessing & Onoja, 2015).

The goal of investors in a private, profit-seeking enterprise is to maximize their wealth which means maximizing the present value of the future cash flows. For wealth maximization, investors' investment decision requires information enabling them to predict the future cash flow from the investments and the volatility of the associated risk. Investors receive the information they need to evaluate an investment's future cash flows and risks from many sources like balance sheets, cash flow statements, and income statements. Many users thus rely on financial statements as their primary source of financial information. Therefore, financial statements should be prepared and presented with their needs (IFRS, 2006). Disclosure helps effectively in making economic decisions with the use of meaningful information. Financial disclosure is a remarkable tool for making proper decisions by interested stakeholders, especially investors. So, it is essential to evaluate the present scenario of disclosure practices by the listed conventional banks in Bangladesh and their impact on investors' decisions. This study consists of an introduction, problem statement, research questions, objectives, hypotheses, methodology, data analysis, interpretations, conclusion, and recommendations.

## STATEMENT OF THE PROBLEM

Cook (1989), in his study, revealed that investors, while making investment decisions, must rely on the firm's information. A survey undertaken by Amahalu et al. (2020) stated that a financial statement is one of the essential statements required in deciding on an investment, especially in the private sector. Neogy and Ahmed (2015), Ahmed et al. (2011), and Dang et al. (2019) stated that the disclosed accounting information has a tangible impact on the process of decision-making of users, especially investors. Financial reporting means preparing and publishing the financial statements and related information by the business enterprise to the interested parties. A business enterprise's financial soundness and profitability can be examined and analyzed with the financial position as disclosed in its annual reports. Annual reports are the business enterprise's most comprehensive communication with various stakeholders (Adhikari, 2010). So, it is an emerging factor in determining the impact of disclosure scores on different concerned components of Investors' Decisions.

## Research Questions

Based on the statement of the problem, this study has considered some relevant research questions, which are:

- Is there any significant variation in disclosure scores of the different parts of the disclosure index among the sample banks over the study period?
- Is there any significant variation in the different concerned components of investors' decisions?
- Is there any significant impact of the different parts of the disclosure index on the various concerned components of investors' decisions?

## Objectives of the Study

This study's main objective is to determine the impact of disclosure scores on Investors' Decisions. To achieve the primary purpose, this study has considered the following specific aims:

- To examine the variation in disclosure scores of the different parts of the disclosure index among the sample banks.
- To assess the variation among the different concerned components of investors' decision of the sample banks.
- To determine the impact of disclosure scores of different parts of the disclosure index on the various concerned components of investors' decisions.

## Hypotheses of the Study

This study has formulated and tested the following null hypotheses to achieve the study objectives:

- Ho<sub>1</sub>: There is no significant variation in disclosure scores of the different parts of the disclosure index among the sample banks over the study period.
- Ho<sub>2</sub>: There is no significant variation in the different concerned components of investors' decisions.
- Ho<sub>3</sub>: There is no significant impact of the disclosure scores of different parts of the disclosure index on the various concerned components of investors' decisions.

## RESEARCH METHODOLOGY

This study has considered only listed conventional banks to investigate whether there is any significant impact of the disclosure scores of the different parts of the disclosure index on the various concerned components of investors' decisions. So, the total number of listed traditional banks is the target population of this study. By using the purposive sampling technique, this study has taken ten banks as samples Pubali Bank Limited, Prime Bank Limited, Southeast Bank Limited, Dhaka Bank Limited, National Bank Limited, IFIC Bank Limited, Mercantile Bank Limited, Eastern Bank Limited, Uttara Bank Limited and Dutch-Bangla Bank Limited out of 22 banks. This study has employed panel data to draw the study findings per study objectives. The required data have been extracted from secondary sources, viz., five years of published audited annual reports from 2015 to 2019 of the sample banks. In

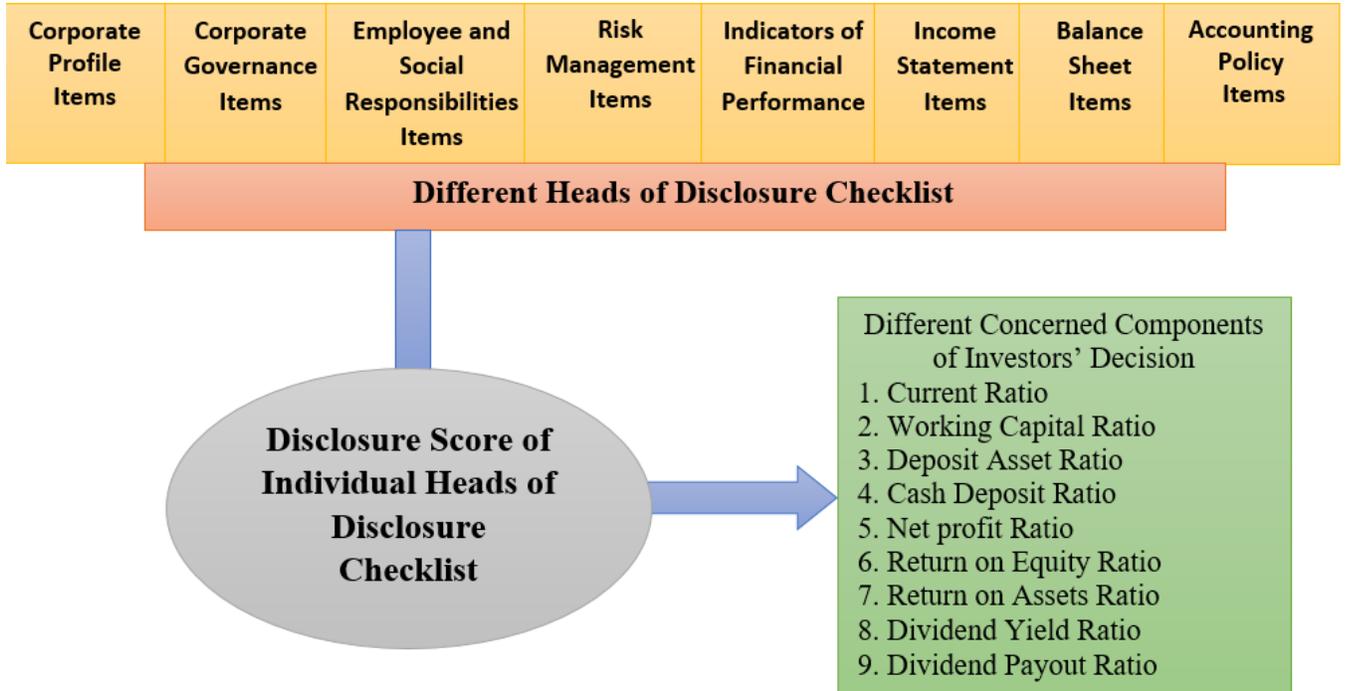
addition, two statistical techniques, such as the ANOVA test and multiple regression analysis with the ordinary most miniature square model, have been used in this study.

**Developing of Unweighted Disclosure Index**

Due to serving the study purpose, this study has constructed the unweighted disclosure index including 265 items, both voluntary and mandatory, under nine heading like corporate profile items (CPI), corporate governance items (CGI), employees and social

responsibility items (ESRI), risk management items (RMI), indicators of financial performance (IFP), income statement items (ISI), balance sheet items (BSI) and accounting policy items (API) based on related literature carried out by different authors namely Hossain (2012); Hossain & Rahman (2014); Ahmed (2018); Neogy (2016); Hossain (2016); Ahmed (2012) and prescribed disclosure checklist of Institute of Chartered Accountants of Bangladesh (ICAB).

**Research Framework**



Source: Developed by the author

**Scoring Procedure of the Disclosure Index**

This study has employed an unweighted disclosure index to calculate the disclosure scores. As per the unweighted disclosure index procedure, a score of 1 has been given if it is disclosed, and a score of 0 has been given if the sample banks do not disclose it.

**DATA ANALYSIS AND INTERPRETATIONS**

**Explanation of the Results of the ANOVA test about the Disclosure Scores of Different Parts of Disclosure Index**

To see whether there is any significant variation in the disclosure scores of different parts of the disclosure index among the sample banks, this study has employed the statistical technique of ANOVA through formulating a null hypothesis which is: Ho: There is no significant variation in disclosure scores of the different parts of disclosure index among the sample banks over the study period, and the results, in this case, are presented below:

Table 1: Results of ANOVA test regarding the different parts of the disclosure Index

Name of Items	F ratios	Significant Level	Remarks
Corporate profile items	5.5089	0.0001	Significant
Corporate governance items	6.0693	0.00002	Significant
Employee and social responsibility items	12.369	0.000	Significant
Risk management items	5.65657	0.00005	Significant
Indicators of financial performance	13.0371	0.0000	Significant
Income statement items	4.6166	0.0003	Significant
Balance sheet items	6.055	0.00003	Significant
Accounting policy items	10.273	0.000	Significant

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

It has been found in Table 1 that the value of significant levels of the different parts of the disclosure index is lower than 5%, which indicates that the formulating null hypothesis is rejected. That confirms significant

variation in disclosure scores of different parts of the disclosure index among the sample banks over the study period.

### The Results of ANOVA test about the Different Concerned Components of Investors' Decision

To see whether there is any significant variation in different concerned components of investors' decisions, this study has employed the ANOVA technique with the use of a null hypothesis which is:  $H_0$ : There is no significant variation among the different concerned components of investors' decision and the results in this regard are stated below:

Table 2: Results of ANOVA regarding the differences concerning components of investors' decision

Name of Items	F ratios	Significant Level	Remarks
Current ratio	89.849	0.000	Significant
Working capital ratio	32.554	0.000	Significant
Deposit assets ratio	680.789	0.000	Significant
Cash deposit ratio	54.153	0.000	Significant
Return on Equity ratio	5.358	0.000	Significant
Return on assets ratio	5.992	0.000	Significant
Dividend yield ratio	8.804	0.000	Significant
Dividend payout ratio	49.505	0.000	Significant

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

The results of the ANOVA technique stated that significant levels of the different concerned components of investors' decisions are lower than 0.05, which confirms that the formulating null hypothesis is rejected. So, significant variation has been found among the different concerned components of investors' decisions.

### Multiple Regression Analysis

To investigate whether there is any significant impact of disclosure scores of the different parts of the disclosure index on the various concerned components of investors' decisions, this study has employed multiple regression analysis with ordinary least square (OLS) models through preparing the null hypothesis which is  $H_0$ : There is no significant impact of the disclosure scores of different parts of disclosure index on the various concerned components related with investors' decision. Too much-related literature has been reviewed and carried out by various authors local and abroad like Amariah and Onodi (2018), Blessing and Onoja (2015), Dang et al. (2019), Vestine et al. (2016), Siyanbola et al. (2018) as well as Aroni et al. (2014). The outcomes in this regard are reported below:

**Current Ratio** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\epsilon$ .

Table 3: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Remarks
	B	Std. Error	Beta			
(Constant)	-3.237	2.556		-1.266	.213	
CPI	.011	.025	.066	.444	.660	Insignificant
CGI	.024	.032	.127	.770	.446	Insignificant
ESRI	-.099	.025	-.654	-4.009	.000	Significant
RMI	.005	.020	.038	.267	.791	Insignificant
FRI	.062	.022	.421	2.832	.007	Significant
ISI	.030	.026	.172	1.137	.262	Insignificant
BSI	-.008	.022	-.056	-.346	.731	Insignificant
API	.034	.015	.275	2.305	.026	Significant

a. Dependent Variable: Current Ratio  
Model Summary Results: R = 0.728, R<sup>2</sup> = 0.529, Adjusted R<sup>2</sup> = 0.437, F-ratio = 5.763 and p-value (significance level) = 000

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

Based on the previous documents, it is evident that the significant levels of employees and social responsibility items, financial performance indicators, and accounting policy items are more negligible than the 5% significance level, which means that there is a significant impact on the dependent variables. However, the significance levels of the remaining components, such as corporate profile items, corporate governance items, risk management items, income statement items, and balance sheet items, are higher than 0.05, indicating an insignificant impact. On the other hand, the results of the model summary show that the R square value is 0.529, which confirms that 52.90% of the variability in the dependent variable, like the current ratio, is explained by the independent variables like different concerned components of investors' decisions. The results of the model summary also report that the significance level of the overall model is 0.000 at 5% significance, which means that all independent variables taken together have shown a significant impact on the concerned component, like the current ratio of the investors' decision.

**Working Capital Ratio** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\epsilon$ .

Table 4: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Remarks
	B	Std. Error	Beta			
(Constant)	-.248	.769		-.323	.749	
CPI	.043	.007	.782	5.824	.000	Significant
CGI	-.008	.010	-.128	-.854	.398	Insignificant
ESRI	-.018	.007	-.349	-2.359	.023	Significant
RMI	-.009	.006	-.191	-1.469	.149	Insignificant
FRI	.027	.007	.542	4.018	.000	Significant
ISI	-.024	.008	-.412	-3.001	.005	Significant
BSI	-.009	.007	-.203	-1.379	.175	Insignificant
API	.004	.004	.103	.953	.346	Insignificant

a. Dependent Variable: Working Capital Ratio  
Model Summary Results: R = 0.783, R<sup>2</sup> = 0.613, Adjusted R<sup>2</sup> = 0.537, F-ratio = 8.105 and p-value (significance level) = 000

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

The previous discussion found that the significance levels of corporate profile items, employees and social responsibilities items, financial performance indicators, and income statement items are less than 0.05, which means that there is a significant impact in this regard. However, the significance levels of the remaining components, such as corporate governance, risk management, balance sheet, and accounting policy items, are higher than 0.05, indicating that the impact is insignificant in those cases. On the other hand, the results of the model summary show that the R square value is 0.613, indicating that 61.30% variation in the dependent variable, like the working capital ratio as a concerned component of investors' decisions, can be explained by the independent variables. The results of the model summary also report that the significance level of the overall model is 0.000, which means that all the independent variables taken together significantly impact the concerning component, like the working capital ratio of the investors' decision.

**Cash Deposit Ratio** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\epsilon$ .

Table 5: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Remarks
	B	Std. Error	Beta			
(Constant)	-.003	.664		-.004	.997	
CPI	.003	.006	.062	.496	.623	Insignificant
CGI	.009	.008	.145	1.047	.301	Insignificant
ESRI	-.032	.006	-.678	-4.943	.000	Significant
RMI	-.003	.005	-.076	-.633	.530	Insignificant
FRI	-.011	.006	-.249	-1.990	.053	Significant
ISI	.003	.007	.065	.510	.613	Insignificant
BSI	.010	.006	.240	1.764	.085	Insignificant
API	.020	.004	.514	5.124	.000	Significant

a. Dependent Variable: Cash Deposit Ratio  
Model Summary Results: R = 0.817, R<sup>2</sup> = 0.668, Adjusted R<sup>2</sup> = 0.603, F-ratio = 10.307 and p-value (significance level) = 000

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

The discussion mentioned above says that the significance levels of employees and social responsibilities items, financial performance indicators, and accounting policy items are smaller than the 5% significance, which means that there is a significant impact in this regard. However, the significance levels of the remaining components, such as corporate profile items, corporate governance items, risk management items, income statement items, and balance sheet items, are higher than the 0.05 level, indicating an insignificant impact in this regard. On the other hand, the result of the model summary shows that the R square value is 0.668, indicating that 66.80% of the variability in the dependent variable can be explained by the independent variables taken together. The result of the model summary also reports that the significance level of the overall model is 0.000.

**Deposit Assets Ratio** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\epsilon$ .

Table 6: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Remarks
	B	Std. Error	Beta			
(Constant)	.719	.620		1.160	.253	
CPI	-.003	.006	-.059	-.492	.625	Insignificant
CGI	-.001	.008	-.023	-.174	.863	Insignificant
ESRI	.031	.006	.688	5.223	.000	Significant
RMI	.013	.005	.302	2.609	.013	Significant
FRI	.003	.005	.067	.555	.582	Insignificant
ISI	.001	.006	.019	.153	.879	Insignificant
BSI	-.023	.005	-.563	-4.303	.000	Significant
API	-.021	.004	-.560	-5.820	.000	Significant

a. Dependent Variable: Deposit Assets Ratio  
Model Summary Results: R = 0.833, R<sup>2</sup> = 0.694, Adjusted R<sup>2</sup> = 0.634, F-ratio = 11.608 and p-value (significance level) = 000

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

It has been obtained from the above statistical analysis that the significance levels of employees and social responsibilities items, risk management items, balance sheet items, and accounting policy items are lower than the 5% significance level, which confirms that there is a significant impact on the DA ratio. However, the significance levels of the remaining components, such as corporate profile items, corporate governance items, financial performance indicators, and income statement items, are higher than the 0.05 level, indicating an insignificant impact on those variables. On the other hand, the result of the model summary shows that the R square value is 0.694. This indicates that 69.40% of the variability in the debt assets ratio can be explained by independent variables like the disclosure scores of a different part of the disclosure index. The results of the model summary also report that the significance level of the overall model is .000, which means all the independent variables taken together have shown a significant impact on the concerned component, like the debt assets ratio of the investors' decision.

**Return on Equity** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\epsilon$ .

By utilizing the above calculation, it has been found that the significant levels of financial performance indicators, as well as accounting policy items, are lower than the 5% level of significance that indicates that there is a substantial impact of the independent variables on the dependent variable but the significance levels of the remaining components such as corporate profile items, corporate governance items, employees and social responsibilities items, risk management items, financial performance

indicators, income statement items, and balance sheet items are higher than 0.05 level of significance which indicates that there is insignificant impact in this regard.

Table 7: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Remarks	
	B	Std. Error	Beta				
6	(Constant)	5.072	13.513		.375	.709	
	CPI	.230	.131	.275	1.752	.087	Insignificant
	CGI	-.316	.168	-.329	-1.880	.067	Insignificant
	ESRI	.085	.131	.112	.647	.521	Insignificant
	RMI	.121	.106	.174	1.140	.261	Insignificant
	FRI	-.404	.116	-.548	-3.472	.001	Significant
	ISI	.028	.138	.033	.203	.840	Insignificant
	BSI	.001	.116	.001	.008	.994	Insignificant
	API	.231	.078	.377	2.978	.005	Significant
a. Dependent Variable: Return on Equity Model Summary Results: R = 0.685, R <sup>2</sup> = 0.470, Adjusted R <sup>2</sup> = 0.366, F-ratio = 4.541 and p-value (significance level) = 0.001							

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

On the other hand, the results of the model summary show that the R square value is 0.470 that, demonstrating that 47.00% of the variability in the dependent variable like return on equity as a concerned component of investors' decisions is explained by the independent variables like the disclosure scores of a different part of disclosure index. The results of the model summary also report that the significance level of the overall model is 0.001, which means that all the independent variables taken together significantly impact the concerned component, like the return on equity of the investors' decision.

$$\text{Return on Assets} = \alpha + \beta_1 \text{corporate profile items} + \beta_2 \text{corporate governance items} + \beta_3 \text{employees and social responsibilities items} + \beta_4 \text{risk management items} + \beta_5 \text{financial performance indicators} + \beta_6 \text{income statement items} + \beta_7 \text{balance sheet items} + \beta_8 \text{accounting policy items} + \epsilon$$

Table 8: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Remarks	
	B	Std. Error	Beta				
7	(Constant)	2.952	1.191		2.478	.017	
	CPI	.005	.012	.062	.412	.683	Insignificant
	CGI	-.011	.015	-.120	-.718	.477	Insignificant
	ESRI	.000	.012	-.006	-.038	.970	Insignificant
	RMI	.014	.009	.214	1.463	.151	Insignificant
	FRI	-.026	.010	-.387	-2.557	.014	Significant
	ISI	-.021	.012	-.260	-1.691	.098	Insignificant
	BSI	-.016	.010	-.264	-1.598	.118	Insignificant
	API	.024	.007	.422	3.479	.001	Significant
a. Dependent Variable: Return on Assets Model Summary Results: R = 0.716, R <sup>2</sup> = 0.513, Adjusted R <sup>2</sup> = 0.418, F-ratio = 5.406 and p-value (significance level) = 0.000							

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

Based on the previous discussion, it is found that the significance levels of financial performance indicators and accounting policy items are at a 5% level of significance which means that there is a significant impact in this regard. However, the significance levels of the remaining

components such as corporate profile items, corporate governance items, employees and social responsibilities items, risk management items, financial performance indicators, income statement items, and balance sheet items are higher than 0.05, which indicates that there is insignificant impact in this regard. On the other hand, the results of the model summary show that the R square value is 0.513 that, indicates that 51.30% of the variability of the dependent variable like return on assets as a concerning component of investors' decisions can be explained by the independent variables like the disclosure scores of the different part of disclosure index. The results of the model summary also report that the significance level of the overall model is 0.000 at a 1% level, which means that all independent variables taken together have shown a significant impact on the concerned component, like the return on assets of the investors' decision.

$$\text{Dividend Yield Ratio} = \alpha + \beta_1 \text{corporate profile items} + \beta_2 \text{corporate governance items} + \beta_3 \text{employees and social responsibilities items} + \beta_4 \text{risk management items} + \beta_5 \text{financial performance indicators} + \beta_6 \text{income statement items} + \beta_7 \text{balance sheet items} + \beta_8 \text{accounting policy items} + \epsilon$$

Table 9: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Remarks	
	B	Std. Error	Beta				
8	(Constant)	3.230	18.075		.179	.859	
	CPI	-.303	.175	-.302	-1.727	.092	Insignificant
	CGI	.129	.225	.112	.575	.568	Insignificant
	ESRI	.265	.175	.292	1.512	.138	Insignificant
	RMI	.176	.141	.211	1.244	.221	Insignificant
	FRI	.151	.156	.170	.969	.338	Insignificant
	ISI	-.005	.184	-.005	-.029	.977	Insignificant
	BSI	-.417	.155	-.516	-2.692	.010	Significant
	API	.106	.104	.144	1.020	.314	Insignificant
a. Dependent Variable: Dividend Yield Ratio Model Summary Results: R = 0.586, R <sup>2</sup> = 0.344, Adjusted R <sup>2</sup> = 0.216, F-ratio = 2.683 and p-value (significance level) = 0.018							

Source: Author's Calculation from Audited Annual Reports from 2015 to 2019

After considering the previous discussion, it is visible that only the 1 balance sheet items are significant at a 5% level which means that there is a significant impact in this regard. However, the significant levels of all the remaining components, such as corporate profile items, corporate governance items, employees and social responsibilities items, risk management items, financial performance indicators, income statement items, and accounting policy items, are higher than 0.05 which indicated there is insignificant impact. The results of the model summary show that the R square value is 0.344, which indicates that 34.40% of the variability in the dependent variable, like the dividend yield ratio, can be explained by the independent variables like the disclosure scores of a different part of disclosure index. The results also report that the significance level of the overall model is 0.018 at 5% significance, which means that all the independent variables taken together significantly impact the concerning component, like the dividend yield ratio of the investors' decision.

**Dividend Payout Ratio** =  $\alpha + \beta_1$ corporate profile items +  $\beta_2$ corporate governance items +  $\beta_3$ employees and social responsibilities items +  $\beta_4$ risk management items+  $\beta_5$ financial performance indicators +  $\beta_6$ income statement items+  $\beta_7$ balance sheet items+  $\beta_8$ accounting policy items +  $\varepsilon$ .

Table 10: The results of coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Remarks	
	B	Std. Error	Beta				
9	(Constant)	13.661	7.534		1.813	.077	
	CPI	-.442	.073	-.722	-6.047	.000	Significant
	CGI	.080	.094	.114	.854	.398	Insignificant
	ESRI	.219	.073	.394	2.991	.005	Significant
	RMI	-.163	.059	-.320	-2.759	.009	Significant
	FRI	-.052	.065	-.097	-.805	.425	Insignificant
	ISI	.171	.077	.273	2.230	.031	Significant
	BSI	.152	.065	.308	2.352	.024	Significant
	API	-.022	.043	-.049	-.508	.614	Insignificant

a. Dependent Variable: Dividend Payout Ratio  
 Model Summary Results: R = 0.833, R<sup>2</sup> = 0.693, Adjusted R<sup>2</sup> = 0.633, F-ratio = 11.576 and p-value (significance level) = .000

Source: Author’s Calculation from Audited Annual Reports from 2015 to 2019

The above calculation reports that the significance levels of corporate profile items, employees and social responsibilities items, risk management items, income statement items, and balance sheet items are smaller than the 5% significance, which means that there is a significant impact in this regard. However, the significance levels of the remaining components, such as corporate governance items, financial performance indicators, and accounting policy items, are higher than 0.05, indicating an insignificant impact. On the other hand, the results of the model summary show that the R square value is 0.693 that, indicates that 69.30% of the variability in the dependent variable like dividend payout ratio as a concerning component of investors' decisions can be explained by the independent variables like the disclosure scores of a different part of disclosure index. The results of the model summary also report that the significance level of the overall model is .000 at 1%, which means that all the independent variables taken together significantly impact the concerned component, like the dividend payout ratio of the investors' decision.

**CONCLUSION**

A corporate financial statement is an effective source of information for making investors' decisions. The different investors believe that information dissemination through financial statements expresses the company's actual position. There are various interested users of financial information, and investors are essential among them. However, practical knowledge has a significant influence on investment decisions. Financial reports are the formal records of different economic activities of any business concern. Since investors use additional information from financial statements in making financial decisions, it is essential to evaluate the various concerned components of

an investor's decision because, in the absence of accurate information about the different concerned parts, the investor's decisions making process is ineffective. For this consideration, this study has identified some concerning components of investors' decisions like current ratio, working capital ratio, deposit assets ratio, cash deposit ratio, net profit ratio, return on equity, return on assets, dividend yield ratio, and dividend payout ratio. This chapter aims to assess the impact of different parts of the disclosure index on concerned components of investors' decisions. For this consideration, this study has selected the other concerning components and employed descriptive statistics, ANOVA test, and regression analysis. The results of descriptive statistics show increasing and decreasing tendencies in the case of different concerned components of investors' decisions. The results of the ANOVA test report that there are significant and insignificant variations among the sample banks. The consequences of simple regression analysis indicate a significant and insignificant association between the different concerned components of investors' decisions and the disclosure score of each part of the disclosure index. Based on multiple regression analysis, it is evident that the disclosure scores of the different parts of the disclosure index have reported a significant positive impact on the other concerning components of investors' decisions.

**Recommendations and Policy Implications**

- Since, before making a decision, the investors critically examine the different items of the financial statement, the management should use the fair disclosure concept and try to enhance the confidence level of the investors.
- The management of the banking sector should ensure all material facts regarding the different financial transactions in financial statements that reflect the portfolio performance.
- The authority of the capital market should arrange and continue educational enlightenment programs to enhance the understanding of financial reports fully as well as the awareness of the investors.
- The management of the banking sector should take adequate action to follow the guidelines of Bangladesh Bank from time to time.
- All types of decisions taken by the investors are conducted based on disclosed information. So, the management of the banking sector should try to enhance the confidence level of the investors.

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