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Voluntary Financial Communication : An Analysis in Light of Market Efficiency, Signaling, and Agency Theories.

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Abstract

In a world where finance is increasingly globalized, stock exchanges offer increasingly significant advantages, but the risks associated with information asymmetry must be taken into account to improve transparency within financial markets. Our article aims to study the theories of market efficiency, agency, and signaling in the context of the financial market to explain how voluntary communication of financial information can help maintain investor confidence, reduce capital costs, assist shareholders in monitoring company performance and making informed decisions, as well as signal the quality of the company to investors.

Keywords: voluntary communication, efficiency theory, agency theory, signaling theory

Introduction:

In the wake of the financial scandals of the 2000s, the covid 19 health crisis and the current geopolitical tensions, it has become essential to seek economic stability and transparency in the financial markets to ensure the survival of companies in a context marked by a series of crises.

Against this backdrop, financial communication plays a crucial role in the smooth running of financial markets, helping to allocate resources, adjust investor positions and provide visibility on company policies. Over the years, major listed companies now integrate a financial communications strategy as an increasingly important and integral part of their strategy.

Our topic explores the role of voluntary financial disclosures in enhancing market transparency and efficiency. By going beyond mandatory reporting, companies can provide additional information that serves as a signal to investors, reducing information asymmetry and fostering trust. This study examines how such communication aligns with market efficiency, acts as a strategic tool for signaling financial health, and helps mitigate agency conflicts between corporate managers and shareholders. Through this lens, we aim to understand the broader implications of voluntary financial communication on market dynamics.

Indeed, the communication of voluntary information is a key factor in the stability and efficiency of financial markets. These financial communications include annual financial statements, information on quarterly results, forecasts of future results, information on capital transactions, and so on. Investors use this information to assess the prospects of companies and to determine the prices of financial assets.

Generally, the literature describes voluntary information as any content that goes beyond the required disclosures, which is strictly regulated in terms of content and frequency of publication. This information is mainly at the discretion of the company's management (Dye, 1985, Raffournier, 1995, Core, 2001, Pourtier, 2004). Managers use voluntary information as a strategic tool to handle their company's information assets.

Furthermore, the adoption of a voluntary communication policy is also seen as a sign that managers are willing to share information with stakeholders. It is essential to make companies more transparent about their exposure to external risks.

The objective of this research is to analyze how voluntary financial communication influences the transparency and efficiency of financial markets, acts as a signal for investors, and helps mitigate conflicts of interest between corporate managers and shareholders. To achieve this objective, it seeks to answer the following questions:

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- What are the theories of market efficiency, signal and agency?

- How can voluntary financial disclosure contribute to the efficiency of financial markets?

- Can voluntary financial disclosure serve as an informational signal for investors?

- How can voluntary financial disclosure help resolve agency problems between corporate managers and shareholders?

To answer these questions, we have chosen the following structure: First, we introduce the context and importance of voluntary financial communication in financial markets. Next, we review relevant theories, such as market efficiency, signaling, and agency, to analyze the impact of this communication. Finally, the study presents an analysis of the existing literature on these theories and their impact on voluntary communication, followed by a discussion of the findings and their implications for companies and investors.

1. Literature review

1.1.Efficient market theory

1.1.1. Definition of market efficiency

Based on Eugen Fama (1965), an efficient market, a share price is a good estimate of its fundamental value. He spread this theory to finance academics: a financial market is efficient if stock prices fully reflect all the information circulating within the market and between financial players.

For Gillet et Al (1987), financial literature uses the concept of efficiency to describe three different situations depending on the criterion chosen. A market is considered efficient from the point of view of resource allocation when it allows asset prices to evolve in such a way as to reflect risk-adjusted marginal rates of return and investor preferences. From another point of view, a market is operationally efficient if transaction costs are set at levels that allow market makers to earn competitive profits. Finally, a market is considered efficient from an informational point of view when asset prices incorporate all available information in a way that reflects the underlying economic fundamentals.

1.1.2. **Different forms of market efficiency**

Since the work of Roberts (1967) and Fama (1970, 1976), the introduction of graduated levels of information has led to the definition of the informational efficiency of the stock market in three distinct forms.

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Weak form efficiency: Weak efficiency is a form of financial market efficiency that holds that financial securities prices reflect all publicly available information about the assets but may not reflect private information. This means that investors can take advantage of certain market anomalies that are not fully corrected by public information. However, these anomalies can be difficult to identify and exploit due to the complexity and volatility of financial markets. Consequently, low efficiency does not guarantee that investors will be able to make money on a regular basis using public information alone.

Semi-strong form efficiency is a form of financial market efficiency that holds that financial securities prices reflect all publicly available information about assets, including financial information published by companies. This means that investors cannot regularly benefit from analyzing published financial information, as asset prices are considered to be already correctly priced to include this information. Investors can, however, use private information to gain a competitive advantage over other investors, but this kind of information is scarce and difficult to obtain. Therefore, semi-strong efficiency suggests that financial markets are efficient for public information but may not be efficient for private information.

Strong form efficiency is a form of financial market efficiency that holds that financial asset securities reflect all available public and private information about the assets. This means that investors cannot regularly benefit from analyzing published financial information or private information, because asset prices are considered to be correctly priced to include all available information about the assets. Therefore, strong efficiency suggests that financial markets are completely efficient, and that investors cannot regularly make abnormal profits using the analysis of published financial information or private information.

1.1.3. **Voluntary financial disclosure as a vector for financial market efficiency**

Voluntary information is a concept that refers to financial information deliberately published by a company to inform investors about its operations and financial prospects. This information is considered "voluntary" because it is not required by stock market regulations, but rather is published voluntarily to help investors make more informed investment decisions.

Samuelson (1965), states that the price of a financial asset varies randomly, and future information is unpredictable, so the price of each financial asset follows a random walk. According to this theory, shares always sell at their fair value on stock markets, making it impossible for investors to buy undervalued shares or sell shares at overvalued prices. This theory is the cornerstone of modern financial theory and is highly controversial and often contested.

Therefore, it should be impossible to outperform the overall market through expert stock selection or market timing, and the only way for an investor to achieve higher returns is to buy riskier investments.

According to Jacquillat B et al (2014), the theory of efficient financial markets is a theory that is generally well accepted by both academics and many practitioners. The concept of efficiency has several meanings, but in its simplest version, efficiency implies that it is difficult to predict the future evolution of stock prices and therefore to "beat" the market.

In this regard, it can be stated that voluntary disclosure contributes to the efficiency of financial markets through the publication of financial and non-financial information, both qualitative and quantitative, so that stock prices reflect all the information **circulating** in the financial market.

In addition, financial communication should contribute to market efficiency. This means that financial information disclosed by companies and other market participants should be quickly and efficiently incorporated into the prices of financial assets. When markets are efficient, investors can make better decisions about buying and selling assets, and prices appropriately reflect all available information. This can contribute to a stable financial market and efficient investment decisions for investors.

In addition, studies conducted by Li et al in 2010 examined the impact of voluntary financial disclosure by companies on the efficiency of emerging markets in Asia. The researchers used a quantitative approach to measure the quality of voluntary corporate disclosure and assessed market efficiency using performance measures based on stock prices.

The results of this study showed that the quality of financial information disclosed by companies is positively associated with the efficiency of emerging markets in Asia. In simple terms, the more enhanced the quality of financial disclosures, the more efficient the markets become. This suggests that companies that provide high-quality financial information can help to improve investor confidence and enhance market transparency, which can stimulate capital flows and foster economic development.

Based on the experiments of Bouattou and Martinez (2019), on the test of the efficiency hypothesis of financial markets. They performed three experimental treatments in two different dimensions, uncertainty and informational asymmetry. The results show that uncertainty and informational asymmetry affect the level of efficiency, while informational asymmetry has a

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greater impact. Market efficiency is reduced when the fundamental value of stocks is volatile. They also found that participants under-react to information and that this under-reaction is not corrected during trading periods when prices remain stable. Most studies of short-lived events (a few days before and after the announcement date) show an immediate price adjustment for public information.

Brown and Warner (1985) were among the first to use the event method to study the efficiency of financial markets. In their study, they examined stock price reactions to merger and acquisition announcements. They concluded that the price reactions were consistent with the information available at the time of the announcement and that the financial markets were efficient. They referred to a study published in the journal of financial economics in 1985 entitled "using daily stock returns: The Case of Event Studies". This study examined the reactions of stock prices to earnings announcements and concluded that stock prices react quickly and appropriately to earnings announcements.

In addition, studies by Anderson et al (2001) and Dasilas and Leventis (2011) examined the efficiency of the Athenian stock market using different analytical methods and provided information on the quality of information embedded in stock prices in this market and the influence of behavioral biases on investment decisions and performance. They demonstrate that the efficiency of financial markets can differ based on the specific market being examined and emphasize the need to analyze the unique characteristics of each market for a comprehensive evaluation of market efficiency.

As a result, market efficiency theories argue that fundamental analysis and technical analysis cannot be used to outperform the market on a systematic basis. Voluntary information published by companies is already reflected in the prices of financial assets, which means that investors cannot use this information to gain an advantage in the market. However, it should be noted that the theory of efficient financial markets is not without controversy and is subject to ongoing debate and challenges.

Generally, financial information is a crucial element in assessing the efficiency of financial markets, and different efficiency theories describe different levels of efficiency depending on the amount of financial information available and incorporated into financial asset prices. In connection with this importance of financial information, let us now examine how signal theory fits into this context. Considering the complex interplay between financial theories and market efficiency, we consider certain aspects in the following table and clarify how these theories influence the dynamics of financial markets.

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Tableau 1: How financial theories shape market efficiency: a comparative overview

Theory/Concept	Author(s)	Ideas
Efficient Market Theory	Eugen Fama (1965), Roland GILLET (1987)	In an efficient market, the price of a stock is a good estimate of its fundamental value. The financial market is efficient if prices reflect all available information. Three perspectives of efficiency: resource allocation, operational, informational.
Different Forms of Market Efficiency	Roberts (1967), Fama (1970, 1976)	Weak Efficiency: Prices reflect public information but not private information. Semi-Strong Efficiency: Prices reflect all public information, including financial information from companies. Strong Efficiency: Prices reflect all available information, public and private.
Voluntary Financial Information	Samuelson (1965), Bertrand J, Bruno S, Christophe (2014)	Prices of financial assets vary randomly. The efficiency theory is controversial. Voluntary information contributes to efficiency by reflecting all market information.
Impact of Voluntary Financial Information	Li et al (2010), Bouattou et Martinez (2019)	Quality of voluntary information linked to efficiency in emerging markets in Asia. Information asymmetry and uncertainty impact market efficiency.

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Studies on Market Efficiency	Brown et Warner (1985), Anderson et al. (2001), Dasilas et Leventis (2011)	Price reactions consistent with available information. Efficiency can vary depending on the market. Importance of studying specific market characteristics for a comprehensive assessment of market efficiency.
Critiques of Efficient Market Theory	Continuous debates in the academic community	Ongoing challenges to the theory's ability to explain all market behaviors.
General Conclusion	N/A	Financial information is crucial for assessing the efficiency of financial markets. Different theories describe varying levels of efficiency based on the integration of financial information.

Sources: Author

1.2. Signal theory

1.2.1. Definition of signal theory

Signal theory, developed by Michael Spence in 1973, is an economic model that explains how information can be transmitted efficiently between different stakeholders in a market. According to Spence, individuals use signals to transmit information about their qualities or characteristics to other parties, which can help solve problems of asymmetric information in the market. Signaling theory addresses the issue of asymmetric information problems (Levin 2001). The theory shows how asymmetric information problems can be reduced if the party with more information signals it to the others.

In signal theory, individuals can be employers, employees, consumers or producers, and signals can be diplomas, certificates, references, or any other type of information that can be used to assess a person's qualities or characteristics. Signal theory requires transparency. In Latin, “transparere” means "to appear through", and the proper meaning of transparency was identified in the 14th century. Contemporary usages are all based on the idea that speech, whether literal or made up of numbers, makes it possible to "see through", to render an object or situation perfectly observable.

Transparency is based on the idea that all significant information should be communicated to the market as quickly as possible. This is the Anglo-Saxon concept of "fair disclosure".

According to the efficient market's hypothesis, the market is transparent without intervention. Signal theory associate's transparency with the desire to reduce the informational asymmetry inherent in any agency relationship. The financial relationship between the principal provider of capital and the managing agent or manager is an archetypal example.

Spence's signal theory has had a considerable impact on economic and management research and has been widely used to understand how information can be transmitted in financial and labour markets, among others.

1.2.2 The voluntary information: an indicator of transparency in financial markets

Signal theory is a conceptual framework that explains how information can be transmitted between different actors in a market. In the context of voluntary information, signal theory can be used to understand how companies can use the information they disseminate to influence the perceptions and decisions of investors and consumers.

This theory is one of the most important contributions to modern economic theory. It explains how asymmetric information can be transmitted between different actors in a market to solve problems of information asymmetry.

In addition to that, signal theory explores how incentives can encourage effective managers to disclose accurate information, while dissuading managers of bad companies from disguising the financial condition of their company by using the same signals. According to this theory, holders of privileged information should adopt a policy of voluntary publication of information in order to minimize the risk of misinterpretation by external users (Verrechia, 1990).

Spence (1974) was also the first to examine this problem systematically and identified four types of signals: signals related to capital structure, signals related to dividends, signals associated with other financial transactions involving the firm's shares (IPOs, share par value reductions) and signals related to the firm's assets (revaluation of existing assets, acquisition of other assets by the firm). These signals can all be transmitted through financial communication.

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In addition, signal theory is an economic concept that helps to explain the motivations behind the voluntary disclosure of information by companies to the financial markets. According to signal theory, companies disclose information to the financial market to signal to investors and other stakeholders their underlying economic characteristics, such as financial strength, profitability and growth potential. This information can then be used to make investment decisions, as well as to assess a company's creditworthiness and risk.

Signal theory is also relevant to voluntary financial communication, which refers to the exchange of financial information between different market participants, such as companies, investors and financial analysts.

In this context, companies often use financial indicators to convey information about their financial performance to investors and financial analysts. For example, an increase in profits may be interpreted as a positive indicator for the company, while a decrease in sales may be seen as a negative signal. Contradictorily, this drop in sales can also be interpreted as a positive signal aimed at limiting competition and preserving the company's market share.

The principles of signal theory can be used to determine the best ways of presenting this information, so that investors and financial analysts can interpret it correctly. This can include determining which financial indicators are most relevant for communicating a clear picture of the company's financial performance, as well as selecting the most appropriate techniques for presenting this information in an understandable way.

In addition, the voluntary offer can be seen as a market transparency tool as it allows companies to proactively disseminate information about their performance and practices. This information can help build investor and consumer confidence and participation, which can have a positive impact on share prices and the performance of the market.

In general, signal theory can help explain how information can be used to influence decisions and behavior in financial markets, and how different players can use information to assess risks and opportunities.

According to this theory, players can use signals to convey information about their quality or type. For example, an employer may use academic qualifications to signal the quality of a job applicant, while a student may use his grades to signal his level of competence. Spence's theory shows that the transmission of effective signals can improve the efficiency of markets and reduce information costs for the various players.

The study by Pirchegger and Wagenhofer (1999) found a positive correlation between profitability levels and the quality of financial information. This means that companies with higher quality financial information tend to have higher levels of profitability. However, it is important to note that correlation does not necessarily mean causation. There may be other factors that influence profitability levels and the quality of financial information. In any case, the study by Pirchegger and Wagenhofer (1999) provided valuable information on the importance of the quality of financial information for companies and investors.

For Cotter et al (2019), financial information signaling involves communicating the quality or value of the business through communication channels such as voluntary disclosure, product warranties or financial statements. In the case of voluntary corporate disclosure, managers provide additional information to investors to help them make investment decisions. According to the signaling theory, managers who expect a high level of future growth signal to investors that they are ready to invest in the company. Several previous studies confirm the predictions of signaling theory, which suggests that a high-quality company will not hesitate to inform the market of its quality (for example, see Kanagaretnam, Lobo and Whalen (2007) and Mitchell 2006). The managers of companies whose news is neutral also have an incentive to communicate positive news so as not to be perceived as competitors of announcing positive information in order not to be suspected of having bad results.

The analysis by Kothari et al (2009) focused on the phenomenon of earnings management, which involves manipulating a company's financial results to meet or exceed expectations. One form of earnings management is the concealment of bad news, which involves postponing the release of negative information until a later time or not releasing it at all. The authors found that managers have an incentive to hide bad news in order to meet earnings targets, maintain positive market sentiment and avoid negative effects on their share price and reputation. This can lead to a lack of transparency in financial reporting and a disconnect between a company's actual performance and the information communicated to investors.

In this sense, voluntary disclosure is seen as a form of signaling, as it helps to demonstrate a company's transparency and accountability, as well as its commitment to providing relevant and reliable information to the market. Voluntary disclosure can also help to reduce information asymmetry between a company and its stakeholders, which can lead to more informed investment decisions and a more efficient market.

However, voluntary disclosure can also entail costs, such as the cost of preparing and presenting information, and the risk of revealing proprietary or sensitive information to competitors.

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Therefore, companies should carefully consider the benefits and costs of voluntary disclosure when deciding whether to provide information to the financial market.

In conclusion, signal theory provides a framework for understanding the motivations underlying the voluntary disclosure of information by companies to the financial market and highlights the potential benefits and costs of this type of disclosure. This perspective on financial disclosure fits into the broader context of agency theory, where shareholder-manager relations are at the heart of corporate governance concerns. As we navigate the realm of information transmission within economic and financial spheres, the following table explores signal theory, elucidating crucial works and concepts that form the foundation for the effective conveyance of information in markets.

Tableau 2: Signal theory in economic and financial discourse: key works and concepts

Theory/Concept	**Author(s)**	**Ideas**
Signal Theory	Michael Spence (1973)	Explains efficient transmission of information in markets. Individuals use signals (diplomas, certificates, etc.) to convey qualities to others. Addresses asymmetric information issues. - Transparency is crucial.
Voluntary Offer of Information	Michael Spence (1974), Verrechia (1990), Pirchegger and Wagenhofer (1999), Julie Cotter et al (2019), Kothari, Shu and Wysocki (2009)	Companies use voluntary disclosure as signals of transparency. Types of signals: capital structure, dividends, financial transactions, and assets. Voluntary disclosure influences perceptions and decisions of investors and consumers. Incentives for managers to disclose accurate information. Voluntary disclosure can be seen as a form of signaling transparency and accountability. Benefits and costs should be considered before voluntary disclosure. Fits into the broader context of agency theory in corporate governance.

Source: Author

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1.3. Agency theory (contract theory)

1.3.1. Definition of agency theory

The recognition of imperfect information in a market has led to the development of contract theories since the 1970s. This has given rise to economic theories of contracts and agency, and also, the organizational theory of transaction costs should be considered.

Magali Chaudey (2014) argues that agency theory is part of the information economy of the new microeconomics. It places great importance on the possession and sharing of information between the stakeholders in a contract, particularly for the analysis of the firm. This theoretical approach stems from the theory of Berle and Means, as well as the more recent theory of Michael Jensen and Meckling (1976). Agency theory takes its name from the agency relationship, which is central to its analysis. An agency relationship is characterized by two main aspects: a delegation of decision-making power and an asymmetry of information. It occurs when one person hires another to carry out a task requiring the delegation of decision-making power. The definition of the agency relationship and the associated informational concepts are key elements in the analysis of the firm proposed by agency theory. In the literature, agency theory is often equated with incentive theory, which shares similar characteristics, such as conflicts of interest, asymmetric information and divergent interests between stakeholders. According to J-J. Laffont: "the economics of incentives can be described as the study of the development of rules and institutions that encourage economic agents to make high efforts and to correctly transmit any private information, they possess that is socially relevant" (J-J. Laffont (2006, p. 177).

Furthermore, agency theory and transaction cost theory share a common assumption that there is an asymmetry of information between stakeholders, which can lead to opportunism on the part of agents. This hypothesis justifies the use of agency theory, whose principal-agent model is based on an in-depth analysis of information asymmetries. This analysis also legitimizes the study of the incentive mechanisms put in place by the firm to mitigate the negative effects of asymmetries.

Moreover, Chaudy clarified that: "The Principal-Agent model is the theoretical foundation of agency theory, which considers that every economic relationship is an agency relationship, even outside the firm. To understand the original approach to the firm proposed by agency theory, it is essential to define what an agency relationship is and the characteristics of a contract drawn up in such a context. For example, the relationship between a shareholder and a manager is an agency relationship: the shareholder (the principal) delegates decision-making to the manager (the Agent). Similarly, the relationship between an employer (the principal) and an employee (the Agent) is also an agency relationship. The principal can only have limited information about the Agent's characteristics (a situation known as adverse selection) or he can only imperfectly observe the Agent's behavior (a situation known as moral hazard). Information asymmetry therefore characterizes any relationship between a principal and an agent, the latter being the informed party and the principal the uninformed party" (Chaudy Magali 2014).

In this sense, E. Brousseau and J-M Glachant (2000) speak of economics of contracts and of evolution of economic thought around the problem posed by Ronald Coase: if markets are 'pure and perfect', why then are there firms and not just markets? (See Coase 1988).

Similarly, Coriat and Weinstein (2010) speak of a vision of the firm as a 'knot of contracts', which they contrast with another vision, that of a 'knot of competencies' based on resource theory. Depoers also points out that "the voluntary provision of information corresponds to an opportunistic management of the agency relationship that the manager maintains with his shareholders. The financial market encourages him to disseminate more information, and the optimization of his cost/benefit calculation leads him to adopt this behavior" (Depoers (1999).

1.3.2. Contract theories and asymmetric information: a complementary relationship

The various theories of contracts are in any case theories of imperfect information and most often (except for incomplete contracts, see Brousseau and Glachant 2000) they describe two possible asymmetries of information:

Before the contract, there may be hidden information, a situation known as "adverse selection". This is typical of the second-hand car market, where only the seller knows the true quality of the vehicle before signing the sales contract. In 1970, G. Akerlof based his Lemons Market theory on this market. Akerlof founded the field of contract research (see Akerlof 2003), even though his theoretical analysis obliges him to predict the eventual disappearance of the whole second-hand market: in theory, quality cars should disappear from the market, since they can only be sold at the average price (see the theory of the lemon markets in IS Research, in the book information systems theory).

After the contract, there may also be hidden information, a situation known as "moral hazard". The insurance contract is typical here: the insurer cannot completely control the opportunistic or even amoral behavior of the policyholder after the contract. See Dionne (1981), who gives

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an idea of the complexity of the problem when we stick to the classical axioms on utility functions that underpin the standard model of economic theory.

Indeed, contract theories seek to establish mechanisms to align the interests of the parties and minimize the risks of opportunistic behavior. However, asymmetric information can complicate this task, as one party may have more information than the other. The aim of contract theory is therefore to find ways for the parties to exchange information and put in place incentives to ensure that the obligations of the contract are met.

Financial information is also a key element in the control exercised by stakeholders in an agency relationship, which arises when one agent contractually transfers decision-making to another agent. Jensen and Meckling were the first to explore this notion.

According to Regaieg et al (2006), information asymmetry results from the fact that managers have privileged access to information compared to investors. Agency conflict, on the other hand, arises from the fact that investors/owners do not necessarily take an active role in managing the company, having delegated this task to managers.

Although contract theories are based on opportunism in these situations of asymmetric information, G. Akerlof (1982) considers that the employment contract also has a reciprocal dimension: of course the employee renders a service (a performance under certain conditions) in exchange for a price (salary and its derivatives), but in practice the employee often produces an effort that exceeds the required standards, he makes a "partial gift" to the company. In return, the company may give something in return, at other times and in different ways: individually through promotions, opportunities, or collectively through recognition of work, autonomy, mobility, etc. (see The theory of gift / counter-gift).

Furthermore, the acquisition of additional information on the actions of managers can increase the value of contracts and thus promote the prosperity of all parties involved (Hölmstrom 1979). According to Saada (1994), voluntary disclosure of information can be an effective way of reducing the costs associated with agency conflicts, which are ultimately borne by managers and shareholders.

According to Aamoun and Nakri (2021), reducing agency costs would have a positive impact on company performance, which could encourage managers to disclose more information. Consequently, voluntary disclosure of information on intangible capital, as well as any other additional information, would allow managers to demonstrate their compliance with

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commitments while seeking to maximize the value of the company by reducing agency costs and information asymmetry.

2. Research methodology

To carry out this work, we conducted in-depth theoretical research on this topic through the analysis of existing literature. We compiled a bibliographic database comprising several articles, theses, and books.

Data Collection Sources :

- Books on financial communication
- Theses conducted abroad.
- Articles published in indexed journals.
- Moroccan and foreign journals

This methodology allows us to analyze the main themes surrounding the same subject to form an understanding of the existing literature. The analysis of the methodology employed by each researcher helps identify points of divergence and convergence between theory and empirical findings. A careful reading, along with summaries, led us to scrutinize the ideas of each author in order to compare them with our research questions. We began by identifying the main themes and concepts relevant to our topic through a bibliographic search of specialist databases. We then analyzed the information gathered to identify knowledge gaps and key research questions. Based on these research questions, we developed a structure for our article that includes an introduction, literature review, theoretical analysis, discussion, and conclusions. We used examples to illustrate our arguments and quotations to support our points of view. We have also taken care to cite all our sources appropriately. Finally, we revised and edited our article following the instructions for authors of the target scientific journal, in response to the reviewers' comments. This research methodology enabled us to produce a rigorous, well-structured, and well-supported theoretical article.

3. Analysis of the results according to the theories studied.

This work provides an in-depth analysis of efficiency, agency and signaling theories to explain the importance of voluntary financial disclosure. The results of this analysis show that voluntary financial disclosure can have significant benefits for companies and investors, by improving market efficiency, resolving conflicts of interest, and improving the quality of signals sent to investors.

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In terms of efficiency theory, the paper shows that voluntary financial disclosure can help improve market efficiency by providing additional information to investors that is not reflected in asset prices. This can reduce the cost of capital for companies, which can be beneficial for their financial performance. Previous research has shown that companies that disclose more information have a lower cost of capital.

For agency theory, the article shows that voluntary financial communication can help resolve conflicts of interest between the owners and managers of a company. By providing transparent and reliable information, voluntary financial disclosure can help owners monitor the actions of managers, which can improve firm performance. The results of the analysis suggest that transparency can also reduce monitoring costs, which can benefit owners.

On the other hand, signal theory shows that voluntary financial communication can help companies to send accurate and reliable signals to investors about their financial performance. This can improve investor confidence in the company. The results of the analysis suggest that voluntary financial communication can also help investors to evaluate the company more accurately, which can improve their ability to make informed investment decisions.

In sum, the existing literature review shows that voluntary financial disclosure can have significant benefits for companies and investors by improving market efficiency, resolving conflicts of interest and improving the quality of signals sent to investors. The results also suggest that voluntary financial disclosure can help reduce companies' capital costs and improve investors' ability to make informed investment decisions.

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Tableau 3: Benefits of voluntary financial disclosure: insights from efficiency, agency and signal theories

Theory/Concept	**Ideas**	**Results of previous works**
Efficiency Theory	- Voluntary financial disclosure improves market efficiency.	- Previous research shows that companies disclosing more information have a lower cost of capital.
Agency Theory	- Voluntary financial communication resolves conflicts of interest between owners and managers.	- Transparency reduces monitoring costs, benefiting owners.
Signal Theory	- Voluntary financial communication helps companies send accurate signals to investors.	- The literature review covers various aspects, including the nature and quality of disclosed information, and its impact on investors.
General Conclusions	- Voluntary financial disclosure benefits companies and investors in various ways.	- Numerous studies from different countries explore different aspects of voluntary disclosure, emphasizing its importance and relevance.

Source : Author

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Conclusions

In the realm of financial markets, previous studies reveal the significant role played by voluntary financial disclosure, particularly in stock markets. These investigations highlight the multifaceted benefits of voluntary communication, including the reduction of information asymmetries, the enhancement of efficiency in financial markets, and its establishment as a reliable signal for both the stock market and the financial actors within it.

Furthermore, the importance of voluntary disclosure becomes even more pronounced in the context of cyclical crises and the current global economic situation. Numerous studies conducted across different countries delve into various aspects of this practice, such as the nature of disclosed information, media used, quantity and quality of information, associated costs and problems, targeted economic players, and the ability of voluntary disclosure to meet the information needs of stakeholders. Voluntary disclosure remains a topic of ongoing interest and research in the finance domain.

Nevertheless, it is crucial to emphasize that financial communication should be viewed as a complement to regulation, not a substitute. Transparency and the provision of accurate, reliable information are essential for maintaining the integrity of financial markets and protecting investors.

The examination of voluntary financial communication through the lenses of market efficiency, signal, and agency theories suggests that this practice can positively impact financial markets by offering additional information to investors. Agency theory, for instance, underscores the importance of factors like shareholding nature, ownership structure, debt level, company size, and performance in determining the voluntary disclosure of information on intangible capital. Signal theory indicates that such disclosure can mitigate informational asymmetries and serve as a quality signal for investors. The literature review also explores the influence of family, managerial, institutional, and public ownership on voluntary disclosure.

Moreover, agency theory is employed to study the relationship between indebtedness and voluntary information disclosure, with the literature review highlighting that larger companies tend to disclose more information to avoid political pressure. Stakeholder theory and legitimacy theory are also considered in completing the analysis, portraying voluntary disclosure as a tool to respond to stakeholder pressure and legitimize the company's actions.

In summary, responsible and transparent voluntary financial disclosure can contribute to the creation of efficient and stable financial markets. These findings pave the way for a new

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research endeavor focused on studying voluntary communication practices and their impact on the stock market performance of companies listed on the Casablanca Stock Exchange.

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