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EFFECT OF FINANCIAL PERFORMANCE ON VOLUNTARY DISCLOSURE OF LISTED FINANCIAL FIRMS IN NIGERIA

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Abstract

Published annual reports are required to provide various Stakeholders with timely and reliable information useful for making prudent, effective and efficient decisions. The nexus between financial performance and voluntary disclosure within these published reports vary from company to company and also from country to country. This study examined the effect of financial performance on Voluntary Disclosure of listed financial firms in Nigeria for the period of 10 years from 2008-2017. The study adopted ex-post facto research design. A sample of forty five (45) out of fifty-seven (57) financial firms listed on the floor of Nigerian Stock Exchange as at 31st December, 2017 was selected using purposive sampling. Secondary data was collected from Annual Reports and Accounts of the sampled firms and the Nigerian Stock Exchange Fact book. The data was analyzed by means of descriptive statistics, and probit regression analysis using STATA 13. The findings revealed that financial performance have no significant effect on voluntary disclosure of listed financial firms in Nigeria. The control variable (Size and Age) have a significant effect on voluntary disclosure. Based on the findings, the study recommended that regulatory authorities that are charged with the responsibilities of regulating the information disclosed in financial reports should review their disclosure requirements and incorporate *voluntary disclosure items into them. This would help to increase the level of transparency thereby providing a clearer picture of the state of affairs of a company, which would help prevent the problem of information asymmetry. It should be noted that if these disclosure requirements are adequately complied with, it will give more credibility to the Nigerian Stock Exchange (NSE) market and foreign investors will be more willing to invest in Nigerian companies thereby improving the Nigerian economy generally.*

Keywords: Financial Performance, Economic Value Added, Voluntary disclosure Corporate Governance disclosure, Environmental disclosure

INTRODUCTION

The disclosure principle in accounting requires that financial statements present the most useful amount of relevant information that is necessary in order not to be misleading. Published annual reports are required to provide various Stakeholders with timely and reliable information useful for making prudent, effective and efficient decisions. The nexus between corporate financial performance and voluntary disclosure within these published reports vary from company to company and also from country to country. Studies such as (Agyei- Mensah, 2012, Jullobal & Sartmool 2013,) reported that there exist a wide gap in the level of information disclosed by listed companies in developing countries and those in developed ones, and that regulatory agencies in developing countries are less effective in driving the enforcement of existing accounting standards.

Developments in corporate businesses all over the world since the dramatic collapse of the Enron Corporation, an American company, in 2001, and the subsequent dissolution of Arthur Andersen, which was then, one of the big five audit and accountancy firm in the world, have put accounting and auditing profession under scrutiny. In addition to being the largest corporate failure in history, Bratton (2002) remarks that Enron was attributed as the biggest audit failure at the time. Coming closely on the heels of the scandal at Enron was the sudden collapse in 2002 of WorldCom, another American company in telecommunication industry with over US$107 billion in assets. Each of these corporate scandals was directly linked to accounting and auditing misinformation and failure to disclose information voluntarily to enable stakeholders take informed decision.

Financial institutions play a crucial role in the growth and economic development of any country, as such their performance, either good or bad, has positive or negative affects the economy of the country. Given the fact that they need to report to a wide array of stakeholders to whom they are ultimately answerable, from creditors and shareholders to employees and regulators and in light of the influence they have, not only on the financial sector, but also on the entire economy, it is therefore imperative to research on the effect of financial performance on voluntary disclosure of listed financial institutions in Nigeria.

Prior studies such as those of Agyei- Mensah, 2012, Jullobal & Sartmool 2013, Mohammed, 2013, Islam, Bhuiyan, & Tuhin, 2014, Mohammed, Salleh, Ismail & Chek, 2014, Edogiawerie & David, 2016, Umoren Isiavwe-Ogbari, & Morenike 2016, Cunha & Mendes, 2017) all found positive association between financial performance, and voluntary disclosure of companies. However, others such as (Richardson & Welker 2001, Hail, 2002, Kristandl & Bortis 2007) found a negative significant relationship between financial performance and voluntary disclosure of companies. However findings of the studies mentioned above are limited on the ground that the dependent variable voluntary disclosure is a dichotomous variable of 0 and 1 the appropriate statistical technique to use in analyzing the data collected should be logistic regression (probit or logit) and not ordinary least square regression as used by previous studies mentioned above. It is as a result of these gap identified in methodology adopted by previous studies mentioned above which these study intend to fill that motivated researcher to study the effect of financial performance on voluntary disclosure of listed financial institutions in Nigeria. This research determined the effect that financial performance of a company has on voluntary disclosures.

Objectives of the Study

The main objective of this study is to examine the effect of financial performance on voluntary information disclosure of listed financial institutions in Nigeria. In other to achieve this, the following specific objectives were formulated to:

i. Determine the effect of financial performance (measured by EVA) on voluntary corporate governance disclosure of listed financial institutions in Nigeria.
ii. Determine the effect of financial performance (measured by EVA) on voluntary environmental disclosure of listed financial institutions in Nigeria.

Statement of Hypothesis

The following hypotheses were formulated for the study in line with the research objectives:

i. $H_{o1:}$ financial performance (as measured by EVA) has no significant effect on voluntary corporate governance disclosure of listed financial institutions in Nigeria.
ii. $H_{o2:}$ financial performance (as measured by EVA) has no significant effect on voluntary environmental disclosure of listed financial institutions in Nigeria.

LITERATURE REVIEW

Financial performance is an indicator of how profitable a company is relative to its total Assets. (Nduati, 2013). It is measured by accounting base measures such as return on asset, return on equity, net profit margin etc. and market based measures such as Tobin Q, price earnings ratio, book to market value of equity etc. or a combination of both accounting and market base measures. The Central Bank of Nigeria, (CBN, 2009) defines mandatory full disclosure as the compulsory financial, operational and management information which financial institutions are required to disclose in the rendition of their periodic returns to the regulatory authorities and the public. The process has to do with ensuring the integrity of data in the rendition of reports to the supervisory authority and the public in order to enable them ascertain the true financial position and performance of deposit money banks.

Financial Accounting Standards Board (FASB) (2001) defined Voluntary disclosure as the information disclosed voluntarily by listed companies, but not the basic financial information that is required to be publicized by the widely acceptable accounting principles and the requirements of securities regulatory agencies. According to Barako (2007), voluntary disclosure is defined as the discretionary release of financial and non-financial information through annual reports over and above the mandatory requirements either with regards to IAS or any other relevant regulatory requirements. Voluntary disclosures can be used by various Stakeholders of a company in their different decision making processes and could also help to clarify issues under the mandatory disclosures, thus painting a clearer picture of the state of the company.

Voluntary disclosure aims at introducing and explaining companies' potentials to investors, driving the fluidity of capital market, guaranteeing more effective allocation of capitals, decreasing capital costs, and helps to achieve a more positive communication with investors as perfecting the information disclosed. In other words Voluntary disclosure is the provision of information by a company's management beyond requirements such as generally accepted accounting principles and Securities and Exchange Commission rules, where the information is believed to be relevant to the decision-making of users of the company's annual reports.

Voluntary disclosure is carried out by many companies, although the extent and type of voluntary disclosure differs by geographic region, industry, and company size. The extent of voluntary disclosure is also affected by the firm's corporate governance structure and ownership structure, in particular, research has found that top executives have a significant influence on their firms' voluntary disclosures, and that managers have unique disclosure styles related to their personal backgrounds including their career paths and experience

Stewart (1991) argued that accounting earnings fails to recognize the cost of capital and the riskiness of a firm's operations, and as such Earnings, earnings per share (EPS) and earnings growth are misleading measures of financial performance because earnings or EPS derived from accounting information can be easily manipulated. Financial statement users need performance measurement tools which combine the factors of economy, accounting and market information in its calculation. Thus, a tool which could help in explaining or evaluating an organization's performance, particularly in Nigeria, in terms of quantitative factor is very much needed, since quantitative data are easily measurable, tested and transparent and are readily available to investors and researchers, such a performance tool is expected to assist interested parties in valuing the performance of companies. From the review of performance measurement literature, economic value added (EVA) has recently attracted much attention as a tool that takes into consideration many factors. EVA incorporates more information as compared to traditional tools (i.e. EPS, dividend per share (DPS), return on assets, and return on equity). EVA is profitability net of cost of capital. It is an estimate of true economic profit or the amount by which earnings exceed or fall short of the required minimum rate of return that shareholder and lenders could get by investing in other securities of comparable risk. Therefore as a result of the advantage of EVA it is adopted in this study as a measure of financial performance

Merkley (2011) Examined the relationship between reported financial performance and voluntary disclosure for the period of 12 years from 1996 – 2007. The sample of the study consists of 20990 firm year observation. The fixed effect regression was found to be most appropriated from the results of the Hausman test. The findings revealed that current reported performance is negatively related to voluntary disclosures. The findings of the above study is limited on the ground that the tool of analysis is not appropriate since the dependent variable been a dichotomous variable the data needed to be analyzed using logistic regression.

Agyei-Mensah (2012) conducted an empirical study to investigate the effect of financial performance (proxied with bank size, profitability, debt equity ratio, and liquidity) on voluntary disclosure in annual reports for the year 2009, with respect to 21 rural banks in Ghana. To assess the level of voluntary disclosure the study adopted 27 items checklist developed by other scholars using the un-weighted (dichotomous) scoring method. The study used ordinary least square regression analysis to test the association between the independent variables (bank size, profitability, debt equity ratio, liquidity and audit firm size) and the voluntary disclosure level, the study results indicate that profitability represented by Return on Capital Employed (ROCE) is positively associated with the disclosure level, while debt equity ratio, liquidity (measured by current ratio), bank size (represented by value of net assets) and audit firm size were insignificantly associated to the extent of disclosure. The findings of the above study is limited on the due to the fact that where the dependent variable is a dichotomous variable of 0 and 1 the appropriate statistical technique to use is either probit or tobit regression and not ordinary least square regression.

Jullobal and Sartmool (2013) evaluated the effect of firm performance on voluntary disclosure in annual reports for the period of 5 years from 2009-2013, a total of 34 companies were studied. Secondary data were collected and analyzed through random effect tobit regression. The results showed that firm performance have significant effect on voluntary disclosure. More also disaggregating the analysis by classifying data into strategic information, non- financial information and financial information revealed that voluntary disclosure of strategic information and non- financial information are influenced by firm performance, while disclosure of financial information is not. The findings of the above study cannot be generalized due to the fact that pre and post diagnostic analysis of the properties of the data were not tested before conducting the regression, this could lead to spurious regression and therefore affect the overall result of the study.

Mohammed (2013) Assessed the effects of financial performance on voluntary disclosure level in annual report of 50 companies listed on Egyptian stock exchange for the period 2007-2010 and using multiple regression and un- weighted disclosure index. A disclosure index consisting of 60 voluntary items of information was developed and used. Secondary data were collected from annual reports and accounts of the sampled banks, and analyzed using panel regression. The results of the study indicated that financial performance proxied with profitability have positive significant relationship with voluntary disclosure level in annual reports. The findings of the above study is limited on the basis that where the dependent variable is a dichotomous variable of 0 and 1 the appropriate statistical technique to use is either probit or tobit regression and not ordinary least square regression.

Islam, Bhuiyan, and Tuhin (2014) evaluated the relationship between profitability and Voluntary disclosure of financial information in the 2011 annual reports of 30 listed banks in Bangladish. An un-weighted disclosure index containing 14 items was used to measure the extent of disclosure. The ordinary least square regression method of analysis was used and the results of the study showed that there is an insignificant relationship between Profitability and Voluntary information disclosure. The limitation of the above study is that it was under taken for a single year and the voluntary disclosure was limited to financial information only, voluntary non- financial information were not considered, the findings of the study would be better generalized if it covers a long period of say 10 years and above and also captured non- financial information disclosure, more also the study considers profitability as a measure of performance neglecting non-financial performance measures

Ghasempour and Yusof (2014) examined the effects of fundamentals on voluntary disclosure by businesses using 65 listed companies on the Tehran stock exchange from 2005-2012. Data was collected from financial reports and data base of the sampled companies, the data were analyzed using panel regression. The findings revealed that firm size, business complexity, earnings volatility and firm value have a significant and positive impact on voluntary disclosure, where as leverage had a significant and negative impact on voluntary disclosure and that no relationship existed between financial performance and voluntary disclosure.

Umoren, Isiavwe-Ogbari and Morenike (2016) Studied the relationship between corporate social responsibility (CSR) disclosures and performance of listed firms in Nigeria for the period of 2 years from 2013 – 2014. Ex-post facto research design was adopted for the study. The population of the study consisted of 188 quoted companies from 8 sectors on the Nigerian Stock Exchange, judgmental sampling technique was used to select a sample of 45 companies. Secondary data were obtained from online published annual reports of the selected companies, while CSR disclosures was captured through the help of a check list containing 20 disclosure items. The data obtained were analyzed using descriptive statistics, correlation and regression. Findings revealed that company size influence CSR disclosures while profitability does not. The limitation of the findings is that the study failed to test for normality and post regression diagnostics such as multi-collinearity and heteroscedasticity properties of the data. Secondly in a study where the dependent variable is dichotomize, the appropriate regression technique should be tobit regression and not ordinary least square as used in the study.

Cunha and Mendes (2017) examined the effect of financial performance on voluntary disclosures between the period of 2005 and 2011 using a sample that comprises of 263 observations. Secondary data was collected from annual reports of the companies for the years 2005 and 2011. The study made use of an ordinal logistics model to explore the financial determinants of voluntary information disclosures. The findings suggest that there is an inverse relationship between voluntary corporate governance disclosures and financial performance, more also that firm size and growth opportunities had a significant and positive effect on voluntary corporate governance disclosures while financial leverage negatively affect voluntary corporate governance disclosures. The limitation of the above findings is that the subjectivity involved in the construction of voluntary disclosures index was not tackled as the perception of users of financial statements was not captured in formulation of the disclosures index.

Theoretical Framework

According to signalling theory advocated by Spence (1973), corporate disclosure serve the purpose of informing investors and analysts about the firm value and quality. This implies that voluntary disclosure decisions is one of the avenues for reporting of relevant information about company performance. The same notion has also been supported by Campbell Shrives and Saager (2001) who found out that additional disclosure of information other than those mandated by the laws and regulations was an effective signalling means, which informs stakeholders about a company financial performance.

METHODOLOGY

Research Design

The study adopted ex-post facto research design. The ex-post facto research design was adopted on the basis that the researcher does not have control over the variables mainly because the event have already occurred and cannot be changed by the researcher.

Population & Data

The Population of the study consists of 57 financial firms listed on the Nigerian Stock Exchange as at 31st December 2017, out of which a sample of 45 firms were selected as result of availability of complete data for the sampled period. The study relied on secondary data collected from annual reports and accounts of the sampled financial institutions for a period of 10 years from 2008-2017. The data was analyzed using probit regression via the help of STATA 13 software

Model Specification

The study employed probit regression, and the model used for the study is presented in equation below:

$VCGD_{it} = \alpha_0 + \beta_1 EVA_{it} + \beta_2 AGE_{it} + \beta_3 FSize_{it} + \epsilon_{it}$ ………..(i)

$VED_{it} = \alpha_0 + \beta_1 EVA_{it} + \beta_2 AGE_{it} + \beta_3 FSize_{it} + \epsilon_{it}$ …………....(ii)

Where:

$VCGD_{it}$ = Voluntary corporate governance disclosure for firm i in year t

VED_{it} = Voluntary environmental disclosure for firm i in year t

EVA_{it} = Economic Value added for firm i in year t

$SIZE_{it}$ = Size of deposit money bank for firm i in year t

AGE_{it} = Number of years passed for firm i in year t after listing on the Nigerian Stock Exchange

α_0 = Constant or intercept

$\beta_{1-} \beta_3$ = Regression coefficients.

ε_{it} = error term.

Variable measurement and definition

The table below shows the dependent and independent variables of the study including the control variables and how they are measured.

Table 1 Variable Measurement and definition

VCGD = voluntary corporate governance disclosure (dependent variable)	1 if information is disclosed voluntary or 0 if information is not voluntarily disclosed
VED = voluntary environmental disclosure (dependent variable)	1 if information is disclosed voluntary or 0 if information is not voluntarily disclosed
EVA = Economic value added	Profit before interest and tax- (WACC x Capital Employed).
SIZE = Size of deposit money bank	measured as log of total assets
AGE	number of years passed after listing on the Nigerian Stock Exchange

RESULTS AND DISCUSSIONS

Table 2 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Pr. (Skweness)	Pr. (kurtosis)	Prob. > Chi^2
VCGD	413	0.2009685	0.412106	0	1	0.0000	0.2953	0.0000
VED	415	0.2698795	0.4444328	0	1	0.0000	0.0000	0.0000
EVA	418	-0.0194952	0.764149	-0.798	0.724	0.0000	0.0000	0.0000
SIZE	418	17.792222	2.187254	2.187254	15.3	0.0000	0.0000	0.0000
AGE	418	15.49043	11.66689	1	49	0.0000	0.0809	0.0000

Source: Researcher's Computation, 2017 Using STATA 13

Table 2 presents Descriptive Statistics of the variable of the study. It describes the Mean, Standard Deviation, Minimum, Maximum, Skewness and Kurtosis. The average value of Voluntary corporate governance disclosure (VCGD), Voluntary environmental disclosure (VED), economic value added (EVA), size, and Age recorded in the period of the study are 0.2009685, 0.2698795, -0.0194952, 17.7922, and 15.49043 respectively, with minimum values of 0, 0, -0.790, 15.3 and 1 respectively. The Maximum values recorded are 1, 1, 0.724, 22.45, and 49 for VCGD, VED, EVA, SIZE and AGE respectively. The standard deviation are 0.412106, 0.4444328 0.764149, 2.187254 and 11.66689 for voluntary corporate governance and environmental disclosure, economic value added, size and age respectively which is are far from the mean indicating that the data are not normally distributed. The pro > chi Statistic of 0.0000 for the dependent and independent variables which are less than the level of significance of 0.05 agreed with the fact that the standard deviation of the variables are far from their respective means indicating that the data are not normally distributed. However the non -normality status of the data has no effect on the estimate, this is further backed by Wooldridge (2002) who affirms that it is true that in presence of heteroskesdasticity and non-normality, the probit estimate are inconsistent, but that focusing on the Beta estimates largely misses the point and indeed the inconsistency of the Betas is practically irrelevant and the estimates of the partial effect are very good.

Table 3 Correlation Matrix

VARIABLE	CGD	EVD	EVA	SIZE	AGE
CGD	1.0000				
VED	0.6136	1.0000			
EVA	-0.0456	0.0122	1.0000		
SIZE	0.5074	0.5264	-0.0352	1.0000	
AGE	0.2131	0.1718	0.0657	0.3588	1.0000

Source: Researcher's Computation, 2017 Using STATA 13

Table 3 shows the correlation results of voluntary disclosure and financial performance of listed financial firms in Nigeria. (Economic value added and the control variables, firm size and firm age). The table indicates that there is a weak negative relationship of 4.56% (-0.0456) and weak positive relationship of 0.0122 (1.2%) between voluntary corporate governance disclosure (VCGD), environmental disclosure and economic value added respectively of listed financial firms in Nigeria, which suggest that corporate governance disclosure will decrease by (0.0456) with 1% increase in economic value added. Finally the result showed a positive relationship of (0.5074) 50.74% and (0.5264) 52.64% and 21.31% (0.2131) and 0.1718% between voluntary disclosure, firm size and firm age. This also implies that voluntary corporate governance and environmental disclosure will increase with an increase in the firm's size and age.

Table 4 Random Effect Probit Regression

VCGD	Coef.	Std. Err.	Z	P>z	[95% Conf. Interval]	
_CONS	-11.10357	2.161947	-5.14	0.000	-15.3409	-5.55523
EVA	-2.120505	2.555816	-1.24	0.204	-5.391625	1.150013
SIZE	0.5016257	0.1095807	4.57	0.000	0.2855554	0.716595

Table 4...

AGE	0.0351775	0.0211353	1.55	0.096	-0.0052488	0.075503
Prob. > Chi2					0.0000	
Wald Chi2 (3)					22.85	
Number of groups					45	
Number of Obs.					413	
Log likelihood					-134.95211	

Source: Researcher's Computation, 2017 Using STATA 13

Table 4 presents the results of random effect Probit regression for the study, showing the regression line VCGD = -11.10357 -2.120505EVA + 0.5016257SIZE + 0.0351775AGE + μ which indicate that Voluntary corporate disclosure(VCGD) will decrease by 2.120505 for every 1% increase in economic value added (EVA), and will increase by 0.5016257 and 0.0351775 for every 1% increase in size and age respectively.

From table 4 EVA has a negative relationship with VCGD, while SIZE and AGE have a positive relationship with VCGD. The results showed a P-value of 0.204 and 0.096 for EVA and AGE which is more than the level of significance of 0.05. The study therefore reject the alternative hypothesis and accept the null hypothesis that economic value added (EVA) has no significant effect on voluntary corporate governance disclosure of financial institutions in Nigeria for the period under study. The significant value or P-value of 0.000 for SIZE, is less than the P-value of 0.05 indicating that size has significant effect on voluntary information disclosure (VCGD). More also the Wald chi of 22.85 and its corresponding P-value of 0.0000 indicates that the model is fit. In the absent of EVA, SIZE, and AGE, VCGD will remain at -11.10357 as indicated by constant (α).

Table 5 Random Effect Probit Regression

VED	Coef.	Std. Err.	Z	P>z	[95% Conf. Interval]	
_CONS	-11.54918	2.142746	-5.39	0.000	-15.74889	-7.349475
EVA	0.7122781	2.07943	0.34	0.732	-3.36333	4.787886
SIZE	0.5442706	0.112048	4.86	0.000	0.3246603	0.763808
AGE	0.0367615	0.227531	1.62	0.106	-0.0078338	0.0813568
Prob. > Chi2					0.0000	
Wald Chi2 (3)					27.08	
Number of groups					45	
Number of Obs.					415	
Log likelihood					-151.14301	

Source: Researcher's Computation, 2017 Using STATA 13

Table 5 presents the results of random effect Probit regression for Voluntary non-financial information disclosure, showing the regression line VED = -11.54918 + 0.7122781EVA + 0.5442706SIZE + 0.0367615AGE + μ which indicate that Voluntary Environmental disclosure(VED) will increase by 0.7122781 for every 1% increase in economic value added (EVA), and will increase by 0.5442706 and 0.0367615 for every 1% increase in size and age respectively.

From table 5 EVA, size and Age all have positive relationship with VED. The results showed a P-value of 0.732 and 0.106 for EVA and AGE which is more than the level of significance of 5% (0.05). The study therefore reject the alternative hypothesis and accept the null hypothesis that economic value added (EVA) has no significant effect on voluntary environmental information disclosure of listed financial institutions in Nigeria for the period under study. The significant value or P-value of 0.000 for SIZE, is less than the level of significance of 5% (0.05) indicating that size has significant effect on voluntary environmental information disclosure (VED). More also the Wald chi of 27.08 and its corresponding P-value of 0.0000 indicates that the model is fit. In the absent of EVA, SIZE, and AGE, VED will remain at -11.54918 as indicated by constant (α).

Discussion of findings

The study found out that at the level of significance of 5% (0.05) economic value added has no significant effect on voluntary corporate governance disclosure of listed financial firms in Nigeria. The implication of the above findings is that 1% increase in economic value added will lead to 2.120505 % decrease in voluntary corporate governance disclosure. The above findings of this study are in agreement with those of (Cunha & Mendes 2016, Umoren, Isiavwe, Ogbani & Morenke, 2016). Secondly the study also found that economic value added has a positive and insignificant effect on voluntary environmental disclosure of listed financial firms in Nigeria, this implies that 1% increase in economic value added leads to 0.7122781% increase in voluntary non-financial information disclosure, the findings are in agreement with those of (Islam, Bhuiyan, & Tuhin, 2014, Ghasempour & Yusof, 2014).

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of financial performance on voluntary disclosure of listed financial firms in Nigeria. Voluntary disclosure was measured by assigning 1 if an organisation disclosed information voluntarily and 0 if it does not. Financial performance was proxied with economic value added. The population of the study was 57 financial institutions out which a sample size of 45 firms for the period of 2008-2017 was selected. Two control variables namely size and firm age were used in the study. Based on the empirical results, the study concluded that economic value added has no significant effect on voluntary corporate governance and environmental disclosure of listed financial firms in Nigeria. The study therefore, recommended that

i. The regulatory authorities (such as financial reporting council, Securities Exchange Commission (SEC), Nigerian Stock Exchange (NSE) and other regulatory bodies) that are charged with the responsibilities of regulating the information disclosed in financial reports should review their disclosure requirements and incorporate voluntary disclosure items into them. This would help to increase the level of transparency thereby providing a clearer picture or the state of affairs of a company, which would help prevent the problem of information asymmetry. It should be noted that if these disclosure requirements are adequately enforced, it will give more credibility to the Nigerian Stock Exchange (NSE) market and foreign investors will be more willing to invest in Nigerian companies thereby improving the Nigerian economy generally.

ii. adequate steps should be taken by the financial reporting council, Securities Exchange Commission (SEC), Nigerian Stock Exchange (NSE) and other regulatory bodies to ensure that companies are persuaded and advised to disclose information voluntary, an increase voluntary disclosure will help the users make informed predictions and aid the evaluation of the company's progress which invariably would reinforce the stock market development. Effective enforcement programmes should be put in place to protect the interest of the diverse user groups.

iii. Adequate reward system such as presenting certificate to companies for engaging in voluntary disclosure should be introduced to ensure that all listed companies comply with voluntary disclosure.

LIMITATIONS OF THE STUDY

The study is limited to listed financial institutions in Nigeria and for the period of ten years, it is advised that subsequent studies should increase the period of study from ten to twenty or thirty years and also look at non-financial institutions. Also the dichotomous scoring procedure employed in the study, while in consonance with most disclosure studies, has some fundamental flaws such as its failure to distinguish quality of disclosure from its quantity and its inability to reward or penalize firms for the depth or breadth of such disclosure.

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APPENDICES

APPENDIX A DESCRIPTIVE STATISTIC OUTPUT (1)

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. *(16 variables, 437 observations pasted into data editor)

. summarize cgd evd eva size age
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Variable	Obs	Mean	Std. Dev.	Min	Max
cgd	413	.2009685	.4012106	0	1
evd	415	.2698795	.4444328	0	1
eva	418	-.0194952	.0764149	-.798	.124
size	418	17.79222	2.187254	15.13	22.45
age	418	15.49043	11.66689	1	49

APPENDIX B DESCRIPTIVE STATISTIC OUTPUT (2)

```
. sktest cgd evd eva size age
```

Skewness/Kurtosis tests for Normality

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	joint adj chi2(2)	joint Prob>chi2
cgd	413	0.0000	0.2953	69.89	0.0000
evd	415	0.0000	0.0000	.	0.0000
eva	418	0.0000	0.0000	.	0.0000
size	418	0.0000	0.0000	.	0.0000
age	418	0.0000	0.0809	47.52	0.0000

Source: Stata 13 output

APPENDIX C CORRELATION ANALYSIS OUTPUT

```
. correlate cgd evd  eva size age
(obs=413)
```

	cgd	evd	eva	size	age
cgd	1.0000				
evd	0.6136	1.0000			
eva	-0.0456	0.0122	1.0000		
size	0.5074	0.5264	-0.0352	1.0000	
age	0.2131	0.1718	0.0657	0.3588	1.0000

Source: Stata 13 output

APPENDIX D RANDOM PROBIT REGRESSION OUTPUT

```
. xtprobit cgd eva size age, re intpoints(4) nolog iterate(100)

Random-effects probit regression                Number of obs      =       413
Group variable: cross                           Number of groups   =        45

Random effects u_i ~ Gaussian                   Obs per group: min =         5
                                                               avg =       9.2
                                                               max =        10

Integration method: mvaghermite                 Integration points =         4

                                                Wald chi2(3)       =     22.86
Log likelihood  = -134.95211                    Prob > chi2        =    0.0000

------------------------------------------------------------------------------
         cgd |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eva |  -2.120806   1.668816    -1.27   0.204    -5.391625    1.150013
        size |   .5016257   .1096807     4.57   0.000     .2866554     .716596
         age |   .0351775   .0211363     1.66   0.096    -.0062488    .0766039
       _cons |  -11.10357   2.161947    -5.14   0.000     -15.3409    -6.86623
-------------+----------------------------------------------------------------
    /lnsig2u |   .1281578   .5355128                      -.921428    1.177744
-------------+----------------------------------------------------------------
     sigma_u |   1.066177   .2854756                      .6308331    1.801954
         rho |   .5319957     .13333                       .284667    .7645419
------------------------------------------------------------------------------
Likelihood-ratio test of rho=0: chibar2(01) =    41.41 Prob >= chibar2 = 0.000
```

Source: Stata 13 output

APPENDIX E RANDOM PROBIT REGRESSION OUTPUT

```
. xtprobit evd eva size age, re intpoints(4) nolog iterate(100)

Random-effects probit regression                Number of obs      =       415
Group variable: cross                           Number of groups   =        45

Random effects u_i ~ Gaussian                   Obs per group: min =         5
                                                               avg =       9.2
                                                               max =        10

Integration method: mvaghermite                 Integration points =         4

                                                Wald chi2(3)       =     27.08
Log likelihood  = -151.14301                    Prob > chi2        =    0.0000

------------------------------------------------------------------------------
         evd |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eva |   .7122781    2.07943     0.34   0.732     -3.36333    4.787886
        size |   .5442706   .1120481     4.86   0.000     .3246603    .7638808
         age |   .0367615   .0227531     1.62   0.106    -.0078338    .0813568
       _cons |  -11.54918   2.142746    -5.39   0.000    -15.74889   -7.349475
-------------+----------------------------------------------------------------
    /lnsig2u |   .4566386   .4782203                      -.480656    1.393933
-------------+----------------------------------------------------------------
     sigma_u |   1.256486   .3004387                      .7863699    2.007653
         rho |   .6122165   .1135331                      .3820972    .8012194
------------------------------------------------------------------------------
Likelihood-ratio test of rho=0: chibar2(01) =    65.37 Prob >= chibar2 = 0.000
```

Source: Stata 13 output

APPENDIX F LIST OF SAMPLED LISTED FINANCIAL INSTITUTIONS IN NIGERIA AS AT 31ST DECEMBER, 2017

S/N	Company	COUNTRY	GICS SECTOR	CORE BUSINESS
1	Abbey Building Society	Ngse	Financials	Mortgage Bank
2	Access Bank	Ngse	Financials	Bank
3	African Alliance Insurance	Ngse	Financials	Non-Life Insurance
4	Aiico	Ngse	Financials	Multiline Insurance
5	AxaMansard	Ngse	Financials	Non-Life Insurance
6	Ci Leasing	Ngse	Financials	Leasing
7	Consolidated Hallmark	Ngse	Financials	Non-Life Insurance
8	Contiental Reinsurance	Ngse	Financials	Reinsurance
9	Cornerstone Insurance	Ngse	Financials	Multiline Insurance
10	Custodian & Allied Insurance	Ngse	Financials	Non-Life Insurance

11	Diamond Bank	Ngse	Financials	Bank
12	Equity Assurance	Ngse	Financials	Non-Life Insurance
13	Fidelity Bank	Ngse	Financials	Bank
14	First Bank Holding	Ngse	Financials	Bank
15	First City Monumental Bank	Ngse	Financials	Bank
16	Fortis Microfinance Bank	Ngse	Financials	Microfinance
17	Guaranty Trust Bank	Ngse	Financials	Bank
18	Guaranty Trust Bank	Ngse	Financials	Bank
19	Guinea Insurance	Ngse	Financials	Non-Life Insurance
20	International Energy Insurance	Ngse	Financials	Non-Life Insurance
21	Lasasco Assurance	Ngse	Financials	Multiline Insurance
22	Lawunion & Rock	Ngse	Financials	Multiline Insurance
23	Linkage Assurance	Ngse	Financials	Non-Life Insurance
24	Mutual Benefit Assurance	Ngse	Financials	Life Insurance
25	Nem Insurance	Ngse	Financials	Non-Life Insurance
26	Niger Insurance	Ngse	Financials	Multiline Insurance
27	Prestige Assurance	Ngse	Financials	Non-Life Insurance
28	Regency Aliance Ins	Ngse	Financials	Non-Life Insurance
29	Royal Exchange	Ngse	Financials	Non-Life Insurance
30	Skye Bank	Ngse	Financials	Bank
31	Sovereign Trust	Ngse	Financials	Non-Life Insurance
32	Staco Insurance	Ngse	Financials	Non-Life Insurance
33	Stanbic Ibtc Holding	Ngse	Financials	Bank
34	Standard Alliance Insurance	Ngse	Financials	Non-Life Insurance
35	Sterling Bank	Ngse	Financials	Bank
36	Unic Insurance	Ngse	Financials	Life Insurance
37	Union Bank Of Nig	Ngse	Financials	Bank
38	United Bank For Africa	Ngse	Financials	Bank
39	Unity Bank	Ngse	Financials	Bank
40	Unitykapital Assurance	Ngse	Financials	Non-Life Insurance
41	Universal Insurance	Ngse	Financials	Multiline Insurance
42	Veritas Kapital Assurance	Ngse	Financials	Life Assurance
43	Wapic Insurance	Ngse	Financials	Non-Life Insurance
44	Wema Bank	Ngse	Financials	Bank
45	Zenith Bank	Ngse	Financials	Bank

APPENDIX G VOLUNTARY DISCLOSURE CHECK LIST

A. Corporate Governance Information
1. Chairman of the board identified
2. List of board members
3. Disclosure information on board members' qualifications and experience
4. Duties of board of members
5. List of senior managers (not on the board of members)/ senior management structure
6. Disclosure information on senior managers' qualifications and experience
7. Managers' engagement/directorship of other companies
8. Information about changes in board members
9. Classification of managers as executive or outsider
10. Details of senior managers and board of members remuneration
11. Statement of percentage of total shareholder of largest shareholders
12. A review of shareholders by type
13. Number of shares held by managers
14. Descriptions of the positions occupied
15. List of top five shareholders of the bank
16. Ownership structure
17. Organizational chart
18. Composition of the board of directors
19. Academic profile of the directors
B. Environmental Information:
20. Air emission information.
21. Water discharge information.
22. Solid waste disposal information.
23. Environmental policies or company concern for the environment.
24. Installation of effluent treatment plant
25. Anti-litter and conservation campaign
26. Land reclamation and forestation programmes
27. Pollution control of industrial process
28 Reducing pollution from product use
29. Pollution control or voice for the prevention or repair of environmental damage
30. Tree Plantation
31. Conservation of natural resources