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EFFECT OF OWNERSHIP STRUCTURE 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 ownership structure and voluntary disclosure within these published reports vary from company to company and also from country to country. This study examined the effect of Ownership Structure 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, and a sample of 44 out of 57 financial firms listed on the floor of Nigerian Stock Exchange as at 31st December, 2017 was selected using purposive sampling technique. 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, Pearson correlation and probit regression analysis using STATA (version 13). The findings revealed that institutional and managerial ownership have an insignificant effect on voluntary disclosure, while block ownership has a positive and significant effect on voluntary disclosure of listed financial firms in Nigeria. The control variables (Size and Age) have a significant effect on voluntary disclosure. Based on the findings, the study recommended that Government and relevant regulatory agencies such as

SEC, NSE, CBN, and NDIC should review and increase monitoring on the equity ownership of block shareholders, due to its significant and positive effect on voluntary disclosure, which will lead to increase information to be disclosed voluntarily, more also Directors and Managers of financial institutions in Nigeria should be made by law to own certain minimum percentage of shares due to the fact that an increase in managerial ownership will increase voluntary disclosure as reviewed from the study.

Keywords: Block Ownership, Institutional Ownership, Managerial Ownership, Ownership Structure, Voluntary Disclosure

INTRODUCTION

Due to corporate failure and financial scandals which lead to the winding up of companies globally and Nigeria in particular, voluntary disclosure which use to be construed as a low-priority accounting exercise in the past, is now viewed as a critical factor for directing a company under good corporate governance principles. This renewed interest has led researchers to be curious in issues pertaining to ownership structure and voluntary information disclosures by management and its contributions to company's performance.

Information disclosed in annual reports consist of mandatory and voluntary disclosures. Mandatory disclosures are those compulsorily required to be made known by companies, while voluntary disclosures are additional information in annual reports which are in excess of mandatory or statutory disclosure requirements and relate to the liberty of directors to disclose such in the annual reports devoid of any compulsion.

Financial reporting as a core component of corporate governance in recent years has provided the need for voluntary disclosure which emanate from the fact that financial reports must be capable of meeting the needs of the various categories of users and also aid investment decisions by investors and other interested parties. (Barako, Hancook & Izan 2006)

The corporate domain has witnessed changes over the years, mainly influenced by globalization and scientific innovation. There have been substantial growth in trading activities at the Stock Exchanges worldwide resulting in companies all over global striving to penetrate international capital markets. The release of sufficient, reliable and dependable information voluntarily is necessary to penetrate these global markets. (Hu, Zhu & Hu, 2016). Those companies competing for capital in the global capital marketplace have been found to prepare their financial statement to conform to mandatory requirements and in addition disclose significantly more voluntary accounting information that enables them to compete globally (Meek, Roberts & Gray 1995).

Since the fall of Enron in the United States, a broader recognition of the importance of corporate transparency and voluntary disclosure has evolved (Akhtaruddin, 2005). Corporate transparency is determined by the information disclosed in financial report. Accurate, relevant and reliable disclosures are seen as means of enhancing corporate image, reducing cost of capital, and improving marketability of shares. High-quality accounting information facilitates the acquisition of short and long term fund and also enables management to properly account for the resources put in their care. Thus, it acts as a significant incentive to the growth and development of money and capital markets, which are fundamental to the smooth running of any economy. An effective functioning of capital market, depend significantly on the effective flow of information between the company and its stakeholders (Meek, Roberts & Gray 1995).

According to Jensen and Meckling (1976), there exist a situation of information asymmetry between managers and creditors of companies, who have no idea about the activity of the firm, but are convinced that huge amount of debt, will lead to managerial discretion to report certain information voluntarily. To deal with this situation, creditors introduce controls which costs will be borne by the firm, to reassure them that managers will disclose more information about the firm, but for firms that propose to borrow capital, another explanation may be advanced. Indeed, firms tend to disclose more information in the annual report when they are seeking to raise capital. These disclosures are intended to lower the cost of debt. According to Ahmed and Nicholls (1994) the anticipated risk by lenders will be minimized in presence of information on the activity of the firm and especially on its continuity. Today, businesses have progressed from the age of industrial competition and have been captivated with the era of information. The information era has intensified competition among firms. (Sufian, & Zahan, 2013).

Ownership structure is a mechanism that aligns the interest of shareholders and managers (Eng & Mak, 2003; Haniffa & Cooke, 2002; Chau & Gray, 2002; Hossain, Tan & Adams 1994). The agency theory suggests that where there is a separation of ownership from management of a firm, the potential for agency costs arises because of conflicts of interest between contracting parties. It is believed that agency problems will be higher in companies with diverse ownership structure because of the diverse interests between contracting parties and information asymmetry on the part of managers (Mohd & Weecman, 2006). The separation of ownership from management in most modern businesses, particularly public companies limits the involvement of shareholders in management decision making, including voluntary disclosure decision making process.

Managers as a result are likely to use information at their disposal to pursue their own interests to the detriment of the owners. This has led to an increase in information gap between what is expected by stakeholders and what is actually disclosed. The separation of ownership from management also necessitates the introduction and application of some control on organization resource so as to safeguard the interests of shareholders and other stakeholders. The degree of separation between ownership and management determines the level of monitoring and thereby, the extent of voluntary disclosure, more also by utilizing voluntary disclosure, managers provide more information to signal that they work in the best interests of shareholders (Thomsen & Pedersen, 2000).

Voluntary information disclosure studies has become a topic for continuous debate. Prior studies by (Tower & Ho 2011, Jouini, 2013, Ghasempour & Yusuf, 2014, Sadiq & Mohammed 2017, Malik, Ahsan, & Khan 2017, Mgammal 2017, Uwuigbe, Erin, Uwuigbe Igbinoba & Jafaru, 2017) all found positive relationship between ownership structure and voluntary disclosure of companies. However, others such as (Richardson & Welker 2001, Hail, 2002, Kristandl & Bortis 2007, Alhazaimeh, Palaniappan, & Almsafir 2013, Sufyan & Zachen, 2013, Ali, 2014) found a negative significant relationship between ownership structure and voluntary disclosure of companies. However the findings of the above study were 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 methodology flaws from the previous studies mentioned above that the researcher intend to study the effect of ownership structure on voluntary disclosure of listed financial institutions in Nigeria. In view of the above the following research questions were developed to guide the study.

Research questions

i. What is the effect of institutional ownership on Voluntary Disclosure of listed financial firms in Nigeria?

ii. What is the effect of managerial ownership on Voluntary information Disclosure of listed financial firms in Nigeria?

iii. What is the effect of block ownership on voluntary information disclosure of listed financial firms in Nigeria?

Research objectives

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

i. Examine the effect of institutional ownership on voluntary information disclosure of listed financial firms in Nigeria
ii. Evaluate the effect of managerial ownership on voluntary information disclosure of listed financial firms in Nigeria
iii. Assess the effect of block ownership on voluntary information disclosure of listed financial firms in Nigeria

Research hypotheses

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

H_{o1}: Institutional ownership does not have significant effect on Voluntary information Disclosure of listed financial firms in Nigeria

$H_{o2:}$ Managerial ownership does not have significant effect on Voluntary information Disclosure of listed financial firms in Nigeria

$H_{o3:}$ Block holder ownership does not have significant effect on Voluntary information Disclosure of listed financial firms in Nigeria.

LITERATURE REVIEW

Shareholders are those who contribute to the equity capital and are the risk bearers of the company. The directors report their stewardship to the shareholders at annual general meeting. Shareholders appoint directors to manage the company on their behalf. In a public listed company the shareholders exist in different categories. Some of them may be in management team, others may hold controlling shares, others may be foreign investors, or institutional investors. Public firms therefore have ownership structure that are categorized as managerial, concentrated or block ownership, institutional and foreign ownership (Zureigat, 2011).

The ownership is unequal among investors. The structure may result in conflict of interest between the owners and the managers due to information gap that exist among them. Another major conflict exists between the block holders (controlling and non-controlling shareholders) arising from the possibility that the controlling shareholders may want to deprive the non-controlling owners of some benefits and expropriate them to their own entrenchment effects (Habbash, 2010).

On the other hand if the interest of managers are aligned with shareholders and the interest of controlling shareholders align with non-controlling shareholders then all will aim to achieve company's desired objectives. The possibility of entrenchment on parts of both manager and non- controlling shareholders on one hand and the alignment of interest of both parties provide incentives for voluntary disclosure. According to Wen (2013) the concept of ownership structure can be defined along two dimensions namely ownership concentration and ownership mix. The former refers to the share of the largest owner and is influenced by absolute risk and monitoring cost, while the latter is related to the identification of the major shareholders such as ownership concentration, foreign ownership, domestic ownership, institutional ownership etc.

Oyejide and Soyibo (2001) defined ownership structure as composition of equity owners from the perspective of Government (state- owned) and private ownership, they classify ownership structure as state –owned or private ownership. Mitra, Deis and Hossain (2002) defined ownership structure as the composition of the various holders of equity shares. They classify ownership structure as institutional, managerial, and block ownership.

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.

Tower and Ho (2011) examined the impact of ownership structure on voluntary disclosure of firms in Malaysia for the period of 1999, 2001 and 2006. The population of the study consists of 315 firms out of which a sample of 100 firms were selected by means of stratified random sampling technique. Secondary data was collected from annual financial statements of the sampled firms. The independent variable ownership structure was proxied with ownership concentration, family ownership, institutions and foreign ownership. The dependent variable voluntary disclosure was measured using a disclosure index, while board independence, firm size, leverage and role duality were used as control variables. Multiple regression models were utilized to examine the relationship between the explanatory variables and voluntary disclosure. The results showed that ownership concentration is positively and significantly associated with the extent of voluntary disclosure at 5% level of significance in all three key time periods. Also the regression results of the decomposition of ownership structure revealed that both foreign and institutional ownership have positive and significant relationship with voluntary disclosure, while family ownership was found to be negatively and statistically significant to voluntary disclosure at 5% level of significance. The study also found that board independence, leverage and role duality are not significantly associated with voluntary disclosure, while firm size was found to be positively and statistically significant in determining the extent of voluntary disclosure. The limitation of the above study was that it was conducted for a single year and the study failed to use appropriate method of data analysis, more also the study cannot be said to be free from bias because there was no justification for the choice of the study period.

Alhazaimeh, Palaniappan and Almsafir (2013) investigated the impact of corporate governance and ownership structure on voluntary disclosure of listed companies in Jordan for the period of 10 years from 2001 – 2010. A sample of 73 non-financial companies was selected and secondary data collected from annual reports of the selected companies. The independent variables corporate governance (proxied with Audit committee, board compensation, board activity, board size, non-executive director's, large audit firm) and ownership structure proxied with (foreign ownership, government ownership, block holder ownership) and the dependent variable, voluntary disclosure measured by disclosure index. The study adopted a dynamic parallel system of general method of movement. The findings of the study revelved that board activity, foreign ownership, governmental ownership, non-executive directors have a significant positive effect on voluntary disclosure while block holder ownership reduces voluntary disclosure. The findings also revealed that larger companies disclose more information than smaller companies in Jordan. The limitation of the above study is that it was based on non-financial firms therefore the findings cannot be generalized to include financial firms. Also the study failed to state the population and justify the study period and how the sample for the study were selected from the population. Furthermore the dependent variable voluntary disclosure is dichotomize and the appropriate tool of analysis would have been logistic regression.

Jouini (2013) examined the relationship between corporate governance and the level of financial disclosures by Tunisian firm for a period of 6 years from 2004 – 2009. A sample of 22 companies were selected. Secondary data was collected from the annual reports of the sampled companies for the period under review. The study used weighted and unweighted index. Panel regression technique was used to analyze the data after testing for multi-collinearity and Heteroscedasticity. The Hansman test indicate that the random effect model is most appropriate. The findings of the study revealed that the level of financial disclosure is positively related to ownership concentration, size, and leverage, Profitability, and CEO duality. The limitation of the above study is that it failed to state the population and justify the study period of the study and how the sample for the study were selected from the population.

Sufyan and Zachen (2013) assessed the association between corporate ownership structure and corporate social responsibility disclosures for the year of 2010. The population of the study consist of 254 companies listed on Dhaka Stock Exchange as at December 2010. However, the study was limited to non-financial companies which comprise of 130 companies from which a sample size of 70 companies were selected through purposive sampling technique. Multiple regression was used to analyze the secondary data collected, the findings showed that ownership concentration have a positive association with corporate social responsibility disclosures and that, foreign ownership and board size have no association with corporate social responsibility disclosures. The major limitation of the study is that it covered a period of only one year, secondly, the findings of the study are limited due to the fact that the panel data collected were not tested for normality, multi-collinearity and heteroscedasticity. The regression might be spurious if there are outliers and the problem of multi-collinearity is not checked and dealt with. More also ordinary least square multiple regression technique used to analyze the data is not appropriate.

Ali (2014) examined the impact of ownership structure on voluntary disclosure in Tunisia for the period of 3 years from 2009-2011. The sample of the study consist of 87 firm year observation drawn from 29 companies listed on the Tunisia stock exchange. Secondary data was collected from annual reports of the companies and analyzed via OLS regression. The findings of the study showed that voluntary disclosure is negatively associated with block and family ownership. The findings of the above study is limited because it did not tackle the problem of outliers in the data set, also is it based on observation of a relatively small number of companies that raised further uncertainty regarding the generalization of the results, more also the number of years was not long enough to make meaningful generalization.

Soliman, Rageb and Eldin (2014) examined the relationship between board composition and ownership structure variables on the level of voluntary information disclosure of companies listed on the Egyptian stock exchanges for the period of 4 years 2007 – 2010. The independent variable board composition was proxied with (board independence, board size and CEO duality), while ownership structure was proxied with ownership concentration, institutional ownership and managerial ownership), while leverage profit ability and firm survival were used as control variables. Ordinary least square regression model was used to analyse the data. The results of the study showed a significant negative relationship between CEO duality, institutional ownership, managerial ownership and voluntary disclosure, however board independence, board size ownership concentration, institutional ownership and managerial ownership are not associated with voluntary disclosure, also the results revealed that size, and leverage are significantly and positively associated with voluntary disclosure, while profitability is not.

Uwuigbe, Erin, Uwuigbe Igbinoba and Jafaru (2017) examined the impacts of ownership structure in (foreign, managerial and institutional ownership) on financial disclosures for a period of 5 years from 2011 – 2015. The population of the study consist of 185 companies quoted on the Nigerian stock exchange as at 31st December, 2015. However, the Yamane sampling techniques was used to arrive at a sample size of 126 out of which only 75 companies were studied due to the availability of data, secondary data for the study was collected from annual reports sourced from the company's website for the period of 2011 – 2015. Generalized least square regression method was used to estimate the parameters of the model. Findings from the study revealed that there is significant relationship between institution investors, managerial ownership and voluntary financial disclosures while foreign ownership has a negative significant relationship with voluntary financial disclosures. The findings of the study is limited on the ground that logistic regression would have been more appropriate since the dependent variable was dichotomize

Sadiq and Mohammed (2017) carried out a study to determine the impact of ownership structure on voluntary disclosure of listed financial service companies in Nigeria for the period of ten (10) years from 2006 – 2015. A sample of twenty – eight (28) financial service firms was selected out of a population of fifty-seven (57) listed on the floor of Nigerian Stock Exchange. The data collected was analysed by means of descriptive statistics, Pearson correlation and regression analysis using STATA Version 14. The findings revealed that Managerial ownership shows an insignificant and positive effect on voluntary disclosure, while the control variables (size and age) showed a significant positive relationship with voluntary disclosure. the findings of the study is limited on the ground that the ordinary least square regression was used to analyze the data, the assumption of OLS breaks down as soon as the dependent variable is dichotomise the study would have used logistic regression as result of the dichotomized nature of the dependent variable. Secondly the study did not justify the reason for the period of the study

Mgammal (2017) investigated the effect of ownership structure on voluntary disclosing of non-financial firms listed in Saudi Arabia for the year 2009. The population of the study consists of 89 companies listed on the Saudi Stock exchange as at 2009. Secondary data was collected via documentation from annual reports of the companies, while multiple regression method was used to test the effects of ownership structure (prioxed with managerial ownership, government ownership, and family ownership) on voluntary disclosure. The study found that all the independent variables have a positive effect on voluntary disclosure and that the control variables of size, leverage and return on assets all have positive effects on voluntary disclosure. The limitation of the above study is that the voluntary disclosure index contain only 20 items of voluntary disclosure, more also the study is limited to annual reports of one year (2009) more satisfying results could be achieved if the study period analysed was more than one year. It is also advised that further studies should use panel data because the kind of data takes into account long term effects.

Malik, Ahsan, and Khan (2017) examined the impact of ownership structure on corporate social responsibility in the companies listed in Pakistan Stock Exchange for the period of 10 years from 2005 – 2014. The study consist of a population of 100 companies out of which a sample of 71 companies were selected. The sample was further reduced to 47 due to unavailability of data for 24 companies. Panel data was collected and analyzed using fixed effect model due to its appropriateness. The appropriateness of the fixed effect model was found on the basis of the result from likelihood ratio and Hansman test. The findings of the study reveal that except for government ownership all other ownership variables have significant relationship with CSR. It was found that institutional individuals and foreign ownership have positive impact on CSR, whereas managerial ownership has a negative impact on CSR.

The study adopted agency theory propounded by Jensen and Meckling in (1976) The main trust of the theory is that in the modern corporation, where share ownership is widely held, managerial actions depart from those required to maximise shareholder returns. In agency theory terms, the owners are principals and the managers are agents and there is an agency loss which is the extent to which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation (Jensen & Meckling 1976).

METHODOLOGY

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 has already occurred and cannot be changed by the researcher. In designing this study, the type of data to be collected, nature of variables and technique of analyses was considered. The research design adopted will benefit from extant approaches of previous empirical studies in terms of methods of research used. The Population of the study consists of 57 financial firms listed on the Nigerian Stock Exchange as at 31st December 2017, (see appendix E), out of which a sample of 44 firms were selected as result of availability of data using purposive sampling technique. The study relied on historical data collected from annual reports and accounts of the sampled financial institutions for a period of 10 years from 2008-2017. The period was selected to enable the study analyze the effect of ownership structure on voluntary disclosure over a long period of time as other studies mostly rely on a year or two. 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:

$VID = \alpha_0 + \beta_1 INO_{it} + \beta_2 MNO_{it} + \beta_2 BLO_{it} + \beta_4 AGE_{it} + \beta_5 FSize_{it} + \epsilon_{it}$ ……...(1)

Where:

VID_{it} = voluntary information disclosure for firm i in year t

INO_{it} = Institutional Ownership for firm i in year t

MNO_{it} = Managerial Ownership for firm i in year t

BLO_{it} = Block Ownership 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

$\beta_{1-}\beta_6$ = 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

VD = voluntary information disclosure (dependent variable)	1 if an item is disclosed and 0 if not disclosed
INO = Institutional Ownership	measured as proportion of ordinary shared owned by institution to the total number of ordinary issued shares
MNO = Managerial Ownership	measured as proportion of ordinary shares owned by board members to the total number of issued ordinary shares
BLO = Block Ownership	measured as the proportion of ordinary shares held by substantial investors that must equal or exceed 5% of total ordinary shares
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

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Pr(Skewness)	Pr(Kurtosis)
VID	435	.570115	.2408295	0	1	0.0966	0.3906
INO	434	36.80415	23.63748	0	86	0.2748	0.0000
MNO	433	84.6188	977.3967	0	14644.12	0.0000	0.0000
BLO	434	39.45853	23.04738	0	86	0.7908	0.0000
SIZE	435	17.20966	3.805608	0	22.45	0.0000	0.0000
AGE	435	14.94023	11.77325	0	49	0.0000	0.0619

Table 2 presents Descriptive Statistics of the variable of the study. It describes the Mean, Standard Deviation, Skewness and Kurtosis. The average value of VID recorded in the period of the study is 0.570115 with a minimum and Maximum value is of 0 and 1.0000 respectively. The standard deviation is 0.2408295 which is not far from the mean indicating that the data are normal. In the case of INO, the mean value stood at 36.80415 with Maximum and minimum of values 86 and 0 respectively. The mean for MNO stood at 84.6188 with a Maximum and minimum value of 14644.12 and 0 respectively. In the case of BLO, the mean value stood at 39.45853 with Maximum and minimum values of 86 and 0 respectively. The mean, maximum and minimum value of SIZE and AGE are 17.20966, 22.45 and 0, and 14.94023, 49, and 0 respectively. The standard deviation of INO, MNO, BLO, SIZE and AGE are 23.63748, 77.3967, 23.04738 3.805608, 11.77325 respectively which are not far from their respective mean showing that the data are normally distributed. The pro > chi Statistic of 0.0000 for the independent variables which are less than the level of significance of 0.05 indicate that the data are not normally distributed except for VID with a pro > chi Statistic of 0.1734.

Table 3: Correlation Matrix

	VID	IN O	MNO	BLO	SIZE	AGE
VID	1.0000					
INO	0.0413	1.0000				
MNO	0.0340	0.0248	1.0000			
BLO	0.0469	0.9604	0.0331	1.0000		
SIZE	0.6812	0.0604	0.0444	0.0502	1.0000	
AGE	0.3048	-0.0054	-0.0055	-0.0714	0.3961	1.0000

Table 3 show the correlation results of voluntary disclosure and ownership structure of listed financial firms in Nigeria. (Institutional ownership, managerial ownership, block ownership and the control variables, firm size and firm age). The table indicates that there is a weak positive relationship of 4.13% (0.0413) between voluntary disclosure (VD) and institutional ownership of listed financial firms in Nigeria, which suggest that voluntary disclosure will increase with increase in institutional ownership. Furthermore, the results also indicated that there is a weak positive relationship of 3.4% (0.0340) between managerial ownership and voluntary disclosure. The result on the other hand, shows a weak positive relationship of 4.69% (0.0469) between voluntary disclosure and block ownership. This also implies that voluntary disclosure will increase with increase in the block ownership. Finally the result showed a positive relationship of 68.12% (0.6812) and 30.48% (0.3048) between voluntary disclosure, firm size and firm age. This also implies that voluntary disclosure will increase with an increase in the firm's size and age.

Table 4: Random Effect Probit Regression

VID	Coef.	Std. Err.	Z	P>z	[95% Conf. Interval]	
CONS	-3.859407	1.357661	-2.84	0.004	-6.520373	-1.19844
INO	-.5509652	.4242064	-1.30	0.194	-1.382394	.280464
MNO	.0958268	.1471362	0.65	0.515	-.1925549	.3842084
BLO	.6717835	.2968534	2.26	0.024	.0899615	1.253606
SIZE	6.904533	1.769969	3.90	0.000	3.435458	10.37361
AGE	-2.753704	.8598405	-3.20	0.001	-4.43896	-1.068448
Prob > chi^2					0.0012	
Wald chi^2					20.03	
Number of groups					43	
Number of obs					426	
Log likelihood					-136.57441	

Table 4 presents the results of random effect Probit regression for the study, showing the regression line VID = -3.859407 -0.5509652INO + 0.0958268MNO + 0.6717835BLO + 6.904533SIZE -2.753704 AGE + µ which indicate that Voluntary disclosure(VID) will decrease by 0.5509652 for every 1% increase in institutional ownership (INO), and will increase by 0.0958268 for every 1% increase in managerial ownership (MNO). The results also showed that voluntary disclosure will increase by 0.671783 for every 1% increase in block ownership (BLO), and by 6.904533 for every 1% increase in firm size (SIZE), and decrease by 2.753704 for every 1% increase in firm age (AGE).

From table 3 INO and AGE have a negative relationship with VID, while MNO, BLO, and SIZE have a positive relationship with VID. The results showed a P-value of 0.0024, 0.000 and 0.001 for BLO SIZE, and AGE which is less than the level of significance of 0.05. The study therefore reject the null hypothesis and accept the alternative hypothesis that block ownership (BLO) has significant effect on the likelihood that financial institutions in Nigeria engage in voluntary disclosure for the period under study. The significant value or P-value of 0.194 and 0.515 for INO and MNO, are more than the P-value of 0.05. The study therefore, reject the Alternative hypothesis and accept the Null Hypothesis that the institutional and managerial ownership (INO and MNO) has no significant effect on the likelihood that financial institutions in Nigeria engage in voluntary disclosure for the period under study. More also the Wald chi of 20.03 and its corresponding P-value of 0.0012 with a log likelihood of -136.57441 indicates that the model is fit. In the absent of INO, MNO, BLO, SIZE, and AGE, VID will remain at -3.859407 as indicated by constant (α).

DISCUSSION OF FINDINGS

The study found out that block ownership has a positive and significant effect on voluntary disclosure of listed financial firms in Nigeria which implies that 1% increase in block ownership will lead to 0.6717% increase in voluntary disclosure, also block ownership has a significant effect on voluntary disclosure as shown by the p value of 0.024 which is less than 0.05 (5%) level of significance. The implication of the above findings are in two two perspectives arising from the agency conflict between block holders and managers on one hand and between block holders (as controlling shareholders) and non-controlling shareholders on the other. First, the alignment effect posits that the block holders have the incentives to align their interest with other shareholders to improve the firm's value and avoid their shares being discounted (Habbash, 2010). This is so because if the block holders show signs of rent seeking and expropriation behaviours, the other shareholders may sell off their shares thereby impairing the value of the block holder's shares. The above findings of this study are in agreement with those of (Tower & Ho, 2011 and Sufyan & Zachen 2013).

Secondly the study also found that institutional ownership has a negative relationship with voluntary disclosure of listed financial firms in Nigeria which implies that 1% increase in institutional ownership leads to 0.5509% decrease in voluntary disclosure, however institutional ownership has an insignificant effect on voluntary disclosure which also implies that despite the negative relationship, institutional ownership have no significant effect on voluntary disclosure as shown by the p value of 0.194 which is greater than 0.05 (5%) level of significant,, this implies that the effect of institutional ownership on voluntary disclosure is the entrenchment effect. This has to do with the fact that institutional holders may have better information about the firm's performance and may act opportunistically through management to the detriment of non-controlling shareholders. The findings are in agreement with those of Soliman, Rageb and Eldin (2014).

Finally managerial ownership has a positive but insignificant effect on voluntary disclosure of listed financial firms in Nigeria which implied that 1% increase in managerial ownership will lead to 0.0958% increase in voluntary disclosure, however the increase has no significant effect on voluntary disclosure as shown by the p value of 0.515 which is greater than 0.05 (5%)., the implication of the above findings is that managers align their interest with those of shareholders which reduces the agency conflict between the managers (as agent) and the shareholders (as principal). In such situation the managers act in the best interest of the company to increase shareholders wealth (Jensen & Meckling, 1976). By so doing they also gain as their own share value rises in reaction to company favourable performance (Mitra, Deis, & Hossain, 2002). The managers are therefore motivated to disclose voluntarily information to outside investors to attest to their good performance the findings are in agreement with those of Sadiq and Mohammed (2017), and Mgammal (2017)

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of ownership structure on voluntary disclosure of listed financial firms in Nigeria. Voluntary disclosure was measured by assigning 1 if an organisation disclose information voluntarily and 0 if it does not. Ownership structure was proxied with institutional, managerial and block ownership. The population of the study was 57 financial institutions out which a sample size of 44 firms for the period of 2008-2017 was selected. Two control variables explanatory variables namely size and firm age were used in the study. Based on the empirical results, the study concluded that institutional ownership and managerial ownership has an insignificant effect on voluntary disclosure, while block ownership has a positive and significant effect on voluntary disclosure listed financial firms in Nigeria. The study used only financial institutions listed on the Nigerian Stock Exchange, it is recommended that further studies be carried out in other sectors such as manufacturing, consumer goods, conglomerates, telecommunication etc to also determine the effect of ownership structure on voluntary disclosure in those sectors.

Secondly, further research in this area should look at a comparative study of the effect of ownership structure on voluntary disclosure either on industry basis or country basis between firms in the same sectors. The findings of the study are limited to the context of the study and it was limited to listed financial institutions in Nigeria from 2008-2017.

Based on the findings, this study therefore recommended that-

i. Government and relevant regulatory agencies such as SEC, NSE, CBN, and NDIC should review and increase monitoring on the equity ownership of block shareholders, due to its significant and positive effect on voluntary disclosure, which will lead to increase information to be disclosed voluntarily.

ii. Directors and Managers of financial institutions in Nigeria should be made by law to own certain minimum percentage of shares due to the fact that an increase in managerial ownership will increase voluntary disclosure.

iii. In addition institutional ownership should be restricted to a certain maximum due the fact an increase in their ownership will reduce voluntary disclosure.

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APPENDICES

APPENDIX A DESCRIPTIVE STATISTIC OUTPUT

. summarize vid ino mno blo size age

Variable	Obs	Mean	Std. Dev.	Min	Max
vid	435	.570115	.2408295	0	1
ino	434	36.80415	23.63748	0	86
mno	433	84.6188	977.3967	0	14644.12
blo	434	39.45853	23.04738	0	86
size	435	17.20966	3.805608	0	22.45
age	435	14.94023	11.77325	0	49

Source: Stata 13 output

APPENDIX B TEST OF NORMALITY OUTPUT

. sktest vid ino mno blo size age

Skewness/Kurtosis tests for Normality

				joint	
Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
vid	435	0.0966	0.3906	3.50	0.1734
ino	434	0.2748	0.0000	37.13	0.0000
mno	433	0.0000	0.0000	.	0.0000
blo	434	0.7908	0.0000	25.80	0.0000
size	435	0.0000	0.0000	.	0.0000
age	435	0.0000	0.0619	49.31	0.0000

Source: Stata 13 output

APPENDIX C CORRELATION ANALYSIS OUTPUT

. correlate vid ino mno blo size age

(obs=432)

	vid	ino	mno	blo	size	age
vid	1.0000					
ino	0.0413	1.0000				
mno	0.0340	0.0248	1.0000			
blo	0.0469	0.9604	0.0331	1.0000		
size	0.6812	0.0604	0.0444	0.0502	1.0000	
age	0.3048	-0.0054	-0.0055	-0.0714	0.3961	1.0000

APPENDIX D RANDOM PROBIT REGRESSION OUTPUT

```
Random-effects probit regression                Number of obs      =       426
Group variable: cross                           Number of groups   =        43

Random effects u_i ~ Gaussian                   Obs per group: min =         6
                                                               avg =       9.9
                                                               max =        10

Integration method: mvaghermite                 Integration points =        12

                                                Wald chi2(5)       =     20.03
Log likelihood  = -136.57441                    Prob > chi2        =    0.0012
```

vd	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
ino	-.5509652	.4242064	-1.30	0.194	-1.382394	.280464
mno	.0958268	.1471362	0.65	0.515	-.1925549	.3842084
blo	.6717835	.2968534	2.26	0.024	.0899615	1.253606
size	6.904533	1.769969	3.90	0.000	3.435458	10.37361
age	-2.753704	.8598405	-3.20	0.001	-4.43896	-1.068448
_cons	-3.859407	1.357661	-2.84	0.004	-6.520373	-1.19844
/lnsig2u	1.21733	.4767054			.2830047	2.151656
sigma_u	1.837976	.4380866			1.152003	2.932419
rho	.7715934	.0840132			.5702827	.8958234

Likelihood-ratio test of rho=0: chibar2(01) = 69.96 Prob >= chibar2 = 0.000

Source: Stata 13 output

APPENDIX E LISTED FINANCIAL INSTITUTIONS IN NIGERIA AS AT 31ST DECEMBER, 2017

S/N	COMPANY	TICKER	SECTOR
1	ABBEY MORTGAGE BANK PLC	ABBEYBDS	FINANCIAL SERVICES
2	ACCESS BANK PLC.	ACCESS	FINANCIAL SERVICES
3	AFRICA PRUDENTIAL PLC	AFRIPRUD	FINANCIAL SERVICES
4	AFRICAN ALLIANCE INSURANCE COMPANY PLC[AWR]	AFRINSURE	FINANCIAL SERVICES
5	AIICO INSURANCE PLC.	AIICO	FINANCIAL SERVICES
6	ASO SAVINGS AND LOANS PLC[MRS]	ASOSAVINGS	FINANCIAL SERVICES
7	AXAMANSARD INSURANCE PLC	MANSARD	FINANCIAL SERVICES
8	CONSOLIDATED HALLMARK INSURANCE PLC	HMARKINS	FINANCIAL SERVICES

9	CONTINENTAL REINSURANCE PLC	CONTINSURE	FINANCIAL SERVICES
10	CORNERSTONE INSURANCE COMPANY PLC.	CORNERST	FINANCIAL SERVICES
11	CUSTODIAN INVESTMENT PLC	CUSTODIAN	FINANCIAL SERVICES
12	DEAP CAPITAL MANAGEMENT & TRUST PLC[DIP]	DEAPCAP	FINANCIAL SERVICES
13	DIAMOND BANK PLC	DIAMONDBNK	FINANCIAL SERVICES
14	ECOBANK TRANSNATIONAL INCORPORATED	ETI	FINANCIAL SERVICES
15	FBN HOLDINGS PLC	FBNH	FINANCIAL SERVICES
16	FCMB GROUP PLC.	FCMB	FINANCIAL SERVICES
17	FIDELITY BANK PLC	FIDELITYBK	FINANCIAL SERVICES
18	FORTIS MICROFINANCE BANK PLC[MRF]	FORTISMFB	FINANCIAL SERVICES
19	GOLDLINK INSURANCE PLC[MRS]	GOLDINSURE	FINANCIAL SERVICES
20	GREAT NIGERIAN INSURANCE PLC[DIP]	GNI	FINANCIAL SERVICES
21	GUARANTY TRUST BANK PLC.	GUARANTY	FINANCIAL SERVICES
22	GUINEA INSURANCE PLC.	GUINEAINS	FINANCIAL SERVICES
23	INFINITY TRUST MORTGAGE BANK PLC[BLS]	INFINITY	FINANCIAL SERVICES
24	INTERNATIONAL ENERGY INSURANCE COMPANY PLC[DIP]	INTENEGINS	FINANCIAL SERVICES
25	JAIZ BANK PLC	JAIZBANK	FINANCIAL SERVICES
26	LASACO ASSURANCE PLC.	LASACO	FINANCIAL SERVICES
27	LAW UNION AND ROCK INS. PLC.	LAWUNION	FINANCIAL SERVICES
28	LINKAGE ASSURANCE PLC	LINKASSURE	FINANCIAL SERVICES
29	MUTUAL BENEFITS ASSURANCE PLC.	MBENEFIT	FINANCIAL SERVICES
30	N.E.M INSURANCE CO (NIG) PLC.	NEM	FINANCIAL SERVICES
31	NIGER INSURANCE CO. PLC.	NIGERINS	FINANCIAL SERVICES
32	NIGERIA ENERYGY SECTOR FUND	NESF	FINANCIAL SERVICES
33	NPF MICROFINANCE BANK PLC	NPFMCRFBK	FINANCIAL SERVICES
34	OMOLUABI MORTGAGE BANK PLC	OMOMORBNK	FINANCIAL SERVICES
35	PRESTIGE ASSURANCE CO. PLC.	PRESTIGE	FINANCIAL SERVICES
36	REGENCY ALLIANCE INSURANCE COMPANY PLC	REGALINS	FINANCIAL SERVICES
37	RESORT SAVINGS & LOANS PLC[MRF]	RESORTSAL	FINANCIAL SERVICES
38	ROYAL EXCHANGE PLC.	ROYALEX	FINANCIAL SERVICES

39	SKYE BANK PLC[MRF]	SKYEBANK	FINANCIAL SERVICES
40	SOVEREIGN TRUST INSURANCE PLC	SOVRENINS	FINANCIAL SERVICES
41	STANBIC IBTC HOLDINGS PLC	STANBIC	FINANCIAL SERVICES
42	STANDARD ALLIANCE INSURANCE PLC.[MRF]	STDINSURE	FINANCIAL SERVICES
43	STANDARD TRUST ASSURANCE PLC[MRF]	STACO	FINANCIAL SERVICES
44	STERLING BANK PLC.	STERLNBANK	FINANCIAL SERVICES
45	SUNU ASSURANCES NIGERIA PLC.	SUNUASSUR	FINANCIAL SERVICES
46	UNIC DIVERSIFIED HOLDINGS PLC.[MRF]	UNIC	FINANCIAL SERVICES
47	UNION BANK NIG.PLC.[BLS]	UBN	FINANCIAL SERVICES
48	UNION HOMES SAVINGS AND LOANS PLC.[MRS]	UNHOMES	FINANCIAL SERVICES
49	UNITED BANK FOR AFRICA PLC	UBA	FINANCIAL SERVICES
50	UNITED CAPITAL PLC	UCAP	FINANCIAL SERVICES
51	UNITY BANK PLC[AWR]	UNITYBNK	FINANCIAL SERVICES
52	UNIVERSAL INSURANCE COMPANY PLC	UNIVINSURE	FINANCIAL SERVICES
53	VALUALLIANCE VALUE FUND	VALUEFUND	FINANCIAL SERVICES
54	VERITAS KAPITAL ASSURANCE PLC	VERITASKAP	FINANCIAL SERVICES
55	WAPIC INSURANCE PLC	WAPIC	FINANCIAL SERVICES
56	WEMA BANK PLC.	WEMABANK	FINANCIAL SERVICES
57	ZENITH INTERNATIONAL BANK PLC	ZENITHBANK	FINANCIAL SERVICES

APPENDIX F LIST OF SAMPLED LISTED FINANCIAL INSTITUTIONS IN NIGERIA AS AT 31/12/17

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	Multline 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	Multline 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	Multline Insurance
22	Lawunion & Rock	Ngse	Financials	Multline 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	Multline 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	Multline Insurance
42	Wapic Insurance	Ngse	Financials	Non-Life Insurance
43	Wema Bank	Ngse	Financials	Bank
44	Zenith Bank	Ngse	Financials	Bank

APPENDIX G VOLUNTARY DISCLOSURE CHECK LIST

A. Social Responsibility Information	
1	Sponsoring public health, sporting of recreational projects
2	Information on donations to charitable organisations, arts, sports etc
3	Supporting national pride/government.-sponsored campaigns
4	Information on social banking activities/banking for the society

5	Relations with local population.
6	Social welfare
7	Seminars and conferences
8	Canteen, Transportation, and crèches for the employees' children.
9	Establishment of Educational Institution (s).
10	Medical Establishments
11	Parks and Gardens
B. Corporate Governance Information	
12. Chairman of the board identified	
13. List of board members	
14. Disclosure information on board members' qualifications and experience	
15. Duties of board of members	
16. List of senior managers (not on the board of members)/ senior management structure	
17. Disclosure information on senior managers' qualifications and experience	
18. Managers' engagement/directorship of other companies	
19. Information about changes in board members	
20. Classification of managers as executive or outsider	
21. Details of senior managers and board of members remuneration	
22. Statement of percentage of total shareholder of largest shareholders	
23. A review of shareholders by type	
24. Number of shares held by managers	
25. Descriptions of the positions occupied	
26. List of top five shareholders of the bank	
27. Ownership structure	
28. Organizational chart	
29. Composition of the board of directors	
30. Academic profile of the directors	
C. Environmental Information:	
31. Air emission information.	
32. Water discharge information.	
33. Solid waste disposal information.	
34. Environmental policies or company concern for the environment.	
35. Installation of effluent treatment plant	
36. Anti-litter and conservation campaign	
37. Land reclamation and forestation programmes	
38. Pollution control of industrial process	
39. Reducing pollution from product use	
40. Pollution control or voice for the prevention or repair of environmental damage	
41. Tree Plantation	
42. Conservation of natural resources	
D. Employees Information:	
43. Human Resource Development (e.g. Training Programme /Scheme)	
44. Educational Facilities	
45. Health and Safety Arrangements (i.e. safety of the employees).	

46. Pensions
47. Recreation Clubs and public libraries
48. Reduction or elimination of pollutants, irritants, or hazards in the work environment
49. Training of the employees through in-house programmes
50. Establishment of training centres
51. Discussion on staff accommodation/staff home ownership schemes
52. Policies for the company's remuneration package/scheme
53. Number of employees in the company
54. Providing information on the qualification of employees recruited
55. Providing information on the company/management relationships with the employees in an effort to improve job satisfaction and employee motivation
56. Sponsoring educational conferences, seminars or art exhibitions
57. Providing information on the stability of the workers' job and company's future
58. Policy on employee training
59 Share option for employee
60. Breakdown of employees by geographic area
61. Categorise of employees by gender
E. Health and Safety
62. Employee health and safety
63. Public Health related activities