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EFFECTS OF FIRM CHARACTERISTICS ON VOLUNTARY CORPORATE GOVERNANCE DISCLOSURE IN ANNUAL REPORTS BY LISTED COMPANIES IN NIGERIA

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Abstract

This study investigated the relationship between firm characteristics and voluntary corporate governance information disclosure in the annual reports of companies listed in the Nigerian Stock Exchange. The specific objectives were to examine influence of firm size, firm performance, leverage, growth opportunity and industry type on voluntary corporate governance disclosure. The study is a longitudinal study covering a time- period of three years (2013-2015). All the 186 companies quoted on the Nigerian Stock Exchange constituted the population out of which 65 companies were randomly selected. Historical data were obtained from the Annual Reports of the sampled firms. The fixed effect panel least square regression was used to analyze the data using E-views 7.0. The study finds that firm size, growth opportunity and industry type have significant and positive relationship with voluntary corporate governance disclosure. On the other hand, leverage and firm performance were statistically insignificant but have negative and positive relationship respectively with voluntary corporate governance disclosure. The study recommends that firms quoted on the Nigeria Stock Exchange whether large or small size should voluntarily disclose corporate governance issues, and that the type of industry a firm belongs to should not affect the level of corporate governance disclosure: all firms should fully disclose corporate governance issues in the interest of stakeholders. The study also recommends that regulatory authorities should consider increasing the number of corporate governance items in the mandatory disclosure regime or universe to enhance overall corporate governance disclosure quality.

Keywords: Corporate Governance Disclosure, Firm size, Leverage and Industry Type, Financial Performance, Growth Opportunity.

Introduction

In recent years the governance of quoted companies has been under the critical evaluation by stakeholders. As a result of financial scandals and other economic crisis, the confidence of investors in corporate reports of companies has waned considerably. Investors have become increasingly interested in the riskiness of their investments. This has led to an

increased research on corporate disclosure. Previous research on corporate disclosure focused majorly on the reporting of financial information aimed at reducing information asymmetry between managers and other stakeholders. This trend of research discovered that though disclosure of financial information assisted in reducing the information asymmetry and increased the level of confidence in annual reports, it has not been entirely satisfactory. This led to a focus on the disclosure of non-financial information which consequently gained ascendancy. As a result of this new trend, the formulation of new regulations and requirements coupled with increasing demands for transparency in corporate management, many companies have resorted to the adoption of disclosure of corporate governance issues. This trend includes among other things, non-financial reporting, management reporting, corporate governance disclosure, and social responsibility reporting. Disclosure of corporate governance information has increased for many reasons. It has the potential to protect the interest of the minority and other stakeholders who are not privileged to have direct information about the management and performance of the company (Aksu & Kosedag, 2006). In this way corporate governance disclosure mitigates information asymmetry and agency problems (Cheung,Tan, & Jiang, 2010).

Also, corporate governance disclosure, enables existing and potential investors evaluate the leadership of management and take rational investment decisions. Corporate governance disclosure can increase investor's awareness and enable them to increase the value of the firm (Berglof, & Pajuste, 2005). It also allows analysts to appraise the corporate governance policies of a company and the associated risks as it is a good indicator of the firm's future profitability. Also, it has been found that the accuracy of earnings forecast is greater for companies that report more information about corporate governance (Yu, 2010). A company's performance is exclusively based on growth opportunities embedded in its business model, but similarly on the corporate governance effectiveness that safeguards its assets and ensures that resources are not dissipated on unviable projects.

However, corporate governance disclosure has been examined in different perspectives by extant studies from Nigeria (Damagum & Chima, 2013; Ikpor & Agha, 2016; Oki & Maimako, 2015). The results from these studies are mixed, hence the need for this study. The broad objective of this study is to investigate effects of firm characteristics on the disclosure of corporate governance information in annual reports. The specific objectives are to:

1. examine the relationship between firm size and voluntary corporate governance disclosure;
2. ascertain the relationship between leverage and voluntary corporate governance disclosure;
3. determine the relationship between financial performance and voluntary corporate governance disclosure;
4. assess the relationship between growth opportunity and voluntary corporate governance disclosure; and,
5. examine relationship between industry type and voluntary corporate governance disclosure.

The remaining part of the study is presented as follows: Section 2 carried out a review of the relevant literature and developed the research hypotheses. Section 3 presents the methodology adopted in carrying out the study while section 4 presents and discuss the

results of the study. Section 5 gives a summary of the findings as well as the conclusions and recommendations.

Literature Review and Hypothesis Development

Corporate Governance Disclosure

Corporate governance related mechanisms help constrains the opportunistic behaviors of corporate managers and align their interest to the wealth maximizing interest of investors. World Bank (2002) sees corporate governance as a set of rules that affect what is expected from the exercises of control of resources in a company. Momoh and Ukpong (2013) viewing from a business perspective, sees corporate governance as a set of systems targeted at making corporate managers accountable to shareholders for the effective and efficient management of the company for the greater good of the company and shareholders. Lemo (2010) similarly defines corporate governance as a group of rules which specify the ways by for managing and controlling companies by directors with the objective of promoting the profit oriented objective of shareholders who do not form part of the management of the organization. This can be achieved through open and effective dissemination of information to shareholders as well as encouraging shareholders to participate in annual general meetings.

In Nigeria, corporate governance principles have been motivated partly by the desires of shareholders to exercise their ownership rights and increase the value of their shares and wealth (Obeten, Ocheni & John, 2014). The need to align with international best practices prompted the Nigerian Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC) to in 2001, set up a seventeen (17) man committee led by Mr. Peter side Atedo to review extant corporate governance provisions with a view to identifying its weakness and means of improving it. In 2003 the committee produced their report which was titled Corporate Governance Code for Public Companies in Nigeria. The general code of corporate governance in Nigeria by SEC came into force in 2011 and is applicable to all companies listed in the Nigerian Stock Exchange (NSE). Apart from the general code, there are industry specifics. The Code of Corporate Governance for Banks in Nigeria Post consolidation issued in 2006 is applicable to banks in Nigeria. Another industry specific code is the Code of Corporate Governance for Licensed Pension Operators which was issued in 2008 by the Nigeria Pension Commission and it is applicable to all pension fund administrators and custodians in Nigeria. The code of Corporate Governance for the Insurance Industry came into force in 2009 and is applicable to all companies in the insurance and reinsurances industry in Nigeria.

Corporate governance disclosures are of two types, corporate governance mandatory disclosure that companies must comply with by law and voluntary corporate governance disclosure which is not compulsory. Meek, Roberts and Gray (1995) define voluntary corporate governance disclosures as the corporate governance disclosures made by a company in excess of what is required by law. Machida and Patton (2004) state that the level of voluntary disclosure is a result of differences between the interests of management, majority shareholders, and minority shareholders. FASB (2001) observes that voluntary disclosures are usually information outside the financial statements which are not specifically required by accounting rules or standards. Disclosure has the effect of increasing transparency and market transparency is regarded as a fundamental mechanism for decreasing information asymmetry among the market's participants (Bleck & Liu, 2007).

Similarly in the UK, Australia and Canada, the governance disclosure practices of firms were voluntary in nature (Anand, Milne, & Purda, 2006; Broshko & Li, 2006). Firms

only disclose corporate governance information practices indicating the extent in which they are in compliance with the best practice guidelines and justification for disclosing voluntarily instead of implementing the guidelines. Although the mandatory disclosure of certain items was compulsory for quoted companies in Nigeria, the Joint Committee on Corporate Governance (2001) found that many companies do not comply with the guidelines and standards. Okolie (2014) note that corporate governance disclosure and its code for all firms in various industries in Nigeria is a reflection of the OECD principles of corporate governance.

Firm Characteristics

That are mostly under the control of management and they include firm size, liquidity, leverage, sales growth or growth opportunity, financial performance, and firm age (.Dioha, Mohammed, & Okpanachi, 2018). On the other hand, the macroeconomic indicators are those factors that are beyond the control of management. This includes interest rate, GDP, and industry size (Sumaira & Amjad, 2013). This study is, however, concerned with the firm specific attributes. The independent variables in the study are thus firm size, financial leverage, financial performance, and growth opportunity. Type of industry is used in the study as a control variable.

Literature Review on Variables and Hypothesis Development

There are basically two types of variables used in the study: the dependent and the independent variables. The dependent variable is voluntary corporate governance disclosure index. The independent variables are divided into two: the explanatory variables and the control variable. The explanatory variables are firm size, financial leverage, financial performance, and growth opportunity. On the other hand, there is only one control variable which is industry type. The relationships between the dependent variable and the respective independent variables are examined below.

Firm Size and Voluntary Corporate Governance Disclosure

Firm size is seen in different perspectives. It could refer to numbers of employees, total turnover or total assets. Several studies show significant relationship between firm size and extent of governance disclosures (Al-Moataz, & Hussainey, 2010; Weeks-Marshall, 2014)). Suisse and Khlif (2012) noted that bigger companies have more incentives to disclose more governance information in the annual reports. According to Hassan et al. (2006), the positive relationship between the two variables is justifiable as follows: First and foremost, big firms have the capability and resources to be able to afford the cost of producing and distributing large information in annual reports to dispersed range of users. Secondly, small firms suffer competitive disadvantages because they lack the resources to offer additional disclosure. Thirdly, information from large firms is more likely to be relevant users of annual reports. Most extant studies on corporate governance disclosure find a positive association between the size of a firm and disclosure quality.

The relationship between firm size and corporate governance disclosure can be positive or negative. Some past studies find a negative relationship between firm size and level of disclosure (Aljifri, 2008; Aljifri & Hussainey, 2007). On the other hand, Meeks-Marshall (2014) finds a positive relationship between firm size and corporate governance disclosure. Damagum and Chima (2013) find that firm size has significant impact on the level of voluntary disclosure and financial reporting of quoted firms in Nigeria. It is therefore deduced, that the various results were mixed due to country factors and methodological approaches. We therefore hypothesized that:

H_1: Firm size has no significant relationship with voluntary corporate governance disclosure

Financial Leverage and Voluntary Corporate Governance Disclosure

Leverage refers to use of debt in financing the business. In this study debt-to-total asset ratio is used as a proxy for leverage. According to Brigham & Houston (2010), shareholders will require higher leverage because it increases the prospect for profit. Companies with high financial leverage are expected to have greater degrees of transparency because their creditors expect a higher degree of information disclosure from them (Khanna, Palepu & Srinivasan, 2004). Khanna, et al, (2004) note that highly leveraged companies should improve on their corporate governance disclosure level so as to lessen agency costs related to leverage. Bujaki and McConomy (2002) revealed positive relationship between leverage and corporate governance information disclosure.

Meek, Roberts, and Gray (1995) find a negative relation between leverage and disclosure among U.S. and U.K. firms. Archambault and Archambault (2003) also report no association between financial leverage and corporate disclosure. Silviers et al. (2007) showed a positive effect of leverage on corporate governance. Ikpor and Agha (2016) found leverage to be significant and negatively related to voluntary corporate governance disclosure of listed firms in Nigeria. Thus we hypothesized that:

H_2: Financial leverage has no significant relationship with voluntary corporate governance disclosure

Financial Performance and Voluntary Corporate Governance Disclosure

Past performance can affect the degree of corporate disclosure (Khanna, Palepu, & Srinivasan, 2004). The positive association is based on the fact that highly profitable companies are more likely to report more information in order to increase investors' confidence. In this way they are able to raise their compensation and also be able to raise capital at the lower cost (Marston & Polei, 2004). Kusumawati (2006) revealed that profitability has negative influence on good voluntary corporate governance disclosure, suggesting that when firms are facing decline in profitability, they will tend to give more disclosure about corporate governance practices. Ahmed and Courtis (1999) find no significant relationship between profitability and governance disclosure level. Husain (2008) finds that firm having high profitability discloses more information than firms having little profit margin.

However, Broshko and Li (2006) stated governance disclosure practices of firms have implications on the firm's stakeholders and performance. Bujaki and Economy (2002) indicated inverse association between financial performance and corporate governance disclosure. Oki and Maimako (2015) find that firm performance has significant effect and positively related with corporate governance disclosure. This leads us to the third hypothesis that:

H_3: Financial performance has no significant relationship with voluntary corporate governance disclosure

Growth Opportunities and Disclosure of Corporate Governance Information

Growth opportunity is associated with information asymmetry and higher agency costs (Smith, 2006). Firms with good growth opportunities are expected to have higher voluntary corporate governance disclosure quality. This higher level of disclosure reduces the degree of information asymmetry between the company and external stakeholders. Hossain et al. (2005) find that there is a positive association between growth opportunities

and the quality of disclosure of information. Aksu and Kosedag (2006) show the existence of a positive relationship between growth opportunities and the level of disclosure and transparency. Berglof and Pajuste (2005) indicate that companies that publish more information are those that have higher price- to-book value ratio. In contrast, Eng and Mak (2003) find no significant relationship between growth opportunities and level of voluntary information disclosure. Also, Ben-Amar and Boujenoui (2008) found no relationship between corporate governance disclosure and growth opportunity. Thus we hypothesize that:

H_4: Growth opportunity has no significant relationship with voluntary corporate governance disclosure

Industry Type and Corporate Governance Disclosure

As stated above industry size is used here as a control variable as it is not a firm characteristic. Many researchers have investigated the association between level of disclosure and industry type (Souhir, N & Khamoussi, H., 2013; Muhammad, Shahimi, Yahya & Mahan, 2009). Wallace, Naser and Mora (1994) states that companies in certain sector may encounter some situations that might influence their disclosure practices especially those in manufacturing and financial sector. Owusu-Ansah (1998) suggests that companies operating in a highly regulated industry can face serious rigorous monitoring and controls that can significantly have impact on their corporate governance disclosure practices. Results of extant studies on the relationship between industry type and corporate governance disclosure were mixed. Stanga (1976) finds appositive and significant relationship between type of industry and the level of corporate information disclosure in annual reports. Wallace et al. (1994), and Owusu-Ansah (1998) results showed no significant relationship between industry type and corporate governance disclosure.

Eng and Mak (2003) found that there is no significant relationship between the industry type and corporate governance disclosure in the annual report. Muhammad et al. (2009) revealed that the type of industry a firm belongs to have relationship with the quality of corporate disclosure practices. Also Meek, Roberts and Gray (1995) revealed that the type of industry is a key feature in explaining voluntary corporate governance disclosures.

This leads to the fifth hypothesis that:

H_5: Industry type has no significant effect on corporate governance disclosure

Theoretical Framework

This study is anchored on agency theory. The agency theory was first illustrated by Adam Smith in the eighteenth century and improved upon by Ross (1973), while the first detailed description of the theory was by Jensen and Mackling in 1976. Ccompanies voluntarily disclose corporate governance information in annual reports as a way to resolve agency problem (Barako, Hancock &Izan, 2006, Hassan, Giorgioni, Romilly & Power, 2009). Agency theory states that rational agents (managers) will act for their own interest, and not for their shareholders' interests. The separation of ownership from control is seen as a vital reason for the need for corporate governance disclosure so as to mitigate the principal–agent problem (Berle & Means, 1932). Jensen and Mackling (1976) notes that agency is a contract entered into by persons known as the principal and the agent, upon which the agent carries out activities on behalf of the principal who delegated some decision-making authority to the agent. This theory stipulated that the principals (shareholders) are the owners of the firm while agents otherwise known as managements or appointed directors are delegated authorities to run the activities of the firm (Clarke, 2004).It is expected that

corporate governance disclosure especially voluntary could enhance firm's irrespective of promoting transparency, accountability and integrity of management for the interest of stakeholders.

Methodology

Research Design

This study is a longitudinal survey of companies quoted on the Nigerian Stock Exchange. The time period covered is three (3) years which is (2013-2015). The choice of these periods was to examine corporate governance disclosure since adoption and implementation of International Financial Reporting Standard (IFRS) by most firms. It is a panel data survey of firms. A total of one hundred and eighty-six (186) financial and non-financial companies quoted on the Nigerian Stock Exchange (NSE) as at 31st December, 2015 (NSE Fact Book, 2015) constituted the population. Sixty -five (65) sampled firms were employed in the study. The sample size is arrived at by adopting Yamane (1967) number estimation formulae at the 90% confidence level. Historical data were obtained from annual reports of sampled firms.

Model Specification

The model for the study is specified in explicit form as follows:

$$VCGD = \beta_0+\beta_1 FSIZE +\beta_2 LEV +\beta_3 PROF+\beta_4 GO+\beta_5 IND +e$$

Where:

CGD	=	Voluntary corporate governance disclosure
FSIZE	=	Firm Size
LEV	=	Leverage
PROF	=	Financial Performance
GO	=	Growth opportunities
IND	=	Industry type

β_0 = Constant

β_1 to β_5 = Coefficients

e= error term.

Our apriority expectation is stated as: $\beta_1>0$, $\beta_2>0$, $\beta_3>0$, $\beta_4>0$ and $\beta_5>0$.

Construction of the Voluntary Corporate Governance Disclosure Index

The first thing was to construct a voluntary corporate governance disclosure index. A self-constructed disclosure index is a widely-used method of constructing a disclosure index. A major part of the construction of the index was the selection of likely items that could be disclosed by companies in their annual reports and which are also relevant to the Nigerian environment.

In selecting the items included in the index, voluntarily disclosed items included in earlier relevant studies were consulted (e.g... Hossain, 2008; Barako & Brown, 2008; Abdallah, 2016). A total of 20 items of information was identified as relevant to voluntary corporate governance disclosure by quoted companies in Nigeria. The checklists of items included in the index are shown in Appendix 1.

Table 1: Operationalization of Variables

Variable	Variable type	Notation and Source	Apriori Sign
VCGD	Dependent variable	Corporate governance disclosure (VCGD) is defined as the number of corporate governance related items that a firm voluntarily reports in their annual report and accounts. Corporate information voluntarily disclosed is 1 otherwise it is 0 (See check list for voluntary corporate governance disclosure)	
FSIZE	Independent variable	Firm Size is measured by natural logarithm of total assets.	+
LEV	Independent variable	Financial Leverage is measured using ratio of total debdebts divided by total assets	+
PROF	Independent variable	Financial Performance is measured using Net income before tax / total assets	+
GO	Independent variable	Growth Opportunities is measured by an average growth rates of sales over the past 3 years	+
NDTYP	Control variable	If the firm is financial 1, otherwise 0	+

Source: Author's compilation (2017)

Results and Discussions

Table 2: Descriptive Statistics

	VCGD	FSIZE	LEV	PROF	GO	INDTYP
Mean	0.170126	7.283351	67.34178	2.181361	2.374031	0.204188
Median	0.187500	7.100000	62.78000	2.810000	2.160000	0.000000
Maximum	0.380000	9.570000	326.9500	26.63000	8.210000	1.000000
Minimum	0.000000	5.400000	13.87000	-101.4200	0.020000	0.000000
Std. Dev.	0.082621	0.931397	33.54809	11.18750	1.953708	0.404167
Skewness	0.069711	0.355187	4.136049	-4.512854	0.683594	1.467656
Kurtosis	2.441747	2.473627	30.34599	40.65095	2.810591	3.154015
Jarque-Bera	2.634890	6.221021	6495.836	11930.00	15.16125	68.75825
Probability	0.267819	0.044578	0.000000	0.000000	0.000510	0.000000
Sum	32.49412	1391.120	12862.28	416.6400	453.4400	39.00000
Sum Sq. Dev.	1.296977	164.8251	213840.1	23780.41	725.2252	31.03665
Observations	191	191	191	191	191	191

Table 2, shows the descriptive statistics of the variables employed in the study in terms of mean, median, maximum, minimum and standard deviation, skewness and kurtosis. The table also includes the Jarque-Bera (JB) test statistics for testing whether variables are normally distributed or not. From the table, voluntary corporate governance disclosure (CGD**)** indicated a respective mean and median values of 0.1701(17%) and 0.1875 (19%) with a standard deviations of 0.0826 (8%). The maximum disclosure by any company is 0.38 (38.0 %.). The mean disclosure of 17% shows a low level of voluntary corporate governance information disclosure by quoted companies in Nigeria. This in line with findings of Samara, Dahawy, Stapleton, and Hussainy (2012) who found that that corporate

governance disclosure was high only mandatory items but low for voluntary disclosures in developing countries.

The results of the Jarque –Bera test provide evidence to reject the assumption of normality, except voluntary corporate governance (VCGD) that passed test of normality. The Jarque-Bera (JB) probability value with less than 0.10 shows that there is no sample outlier in the data that would impair the generalization from this study. Hence, we proceed to correlation matrix to check for multicollinearity.

Table 3: Matrix Correlation

	CGD	FSIZE	LEV	PROF	GO	INDTYP
CGD	1.000000	0.190415	-0.000921	-0.047259	0.069999	0.154474
FSIZE	0.190415	1.000000	-0.022164	0.182155	-0.078808	0.431317
LEV	-0.000921	-0.022164	1.000000	-0.370186	0.017980	0.040932
PROF	-0.047259	0.182155	-0.370186	1.000000	0.081154	-0.033806
GO	0.069999	-0.078808	0.017980	0.081154	1.000000	0.023214
INDTYP	0.154474	0.431317	0.040932	-0.033806	0.023214	1.000000

Table 3 showed associations among variables of the study with voluntary corporate governance disclosure (VCGD) as the dependent variable. When corporate governance disclosure (CGD) was at unit value, firm size (FSIZE) stood at positive correlation value of 0.190 (at about 19 %), growth opportunities (GO) was at positive value of 0.069 (7%), and industry type was at positive value of 0.1544 (15%), while leverage (LEV) and Financial performance (PROF) were at negative values of -0.00092 and -0.04726 respectively. Outcome of the Pearson correlation indicated absence multicollinearity since none of the Pearson correlation values exceeded 0.90.

Table 4: Housman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.273810	4	0.04913

The Housman test as a diagnostic test is employed to determine whether to use random or fixed effect panel least square (PLS) regression. The Housman test result in table 4 above is significant (since p-value computed (0. 0498) is less than 5% significant level), hence fixed effect Panel least Square regression is employed; otherwise we would have used random effect.

Table 5: Panel Regression

Dependent Variable: CGD
Method: Panel Least Squares
Date: 03/16/17 Time: 14:10
Sample: 2013 2015
Periods included: 3
Cross-sections included: 65
Total panel (unbalanced) observations: 191
Cross-section SUR (PCSE) standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	0.047063	0.035268	1.334428	0.1837
FSIZE	0.016288	0.005677	2.869103	0.0046
LEV	9.03E-05	0.000156	0.576830	0.5648
PROF	-0.000725	0.000482	-1.504867	0.1341
GO	0.004842	0.002076	2.411835	0.0049
INDTYP	0.014539	0.002513	5.785838	0.0000

	Effects Specification		
Period fixed (dummy variables)			
R-squared	0.558036	Mean dependent var	0.170126
Adjusted R-squared	0.522005	S.D. dependent var	0.082621
S.E. of regression	0.081707	Akaike info criterion	-2.130379
Sum squared resid	1.221706	Schwarz criterion	-1.994158
Log likelihood	211.4512	Hannan-Quinn criter.	-2.075203
F-statistic	1.610704	Durbin-Watson stat	1.902796
Prob(F-statistic)	0.034769		

Table 5 above shows the result of the fixed effect panel least square regression with voluntary corporate governance disclosure (VCGD) as the dependent variable. The coefficient of determination R^2 which stood at a value of 0.558 with voluntary corporate governance disclosure VCGD indicates that about 56% of the systematic variations in the dependent variable were accounted for by the independent variables while the remaining 44% were unaccounted for hence captured by the error term. Similarly, after adjusting the degree of freedom, adjusted coefficient of determination, (the adjusted R-square) stood at 0.522 with corporate governance, implying that over 52% of the changes in the dependent variable were explained while 48% of the variations were unexplained. The overall F-statistic otherwise known as goodness-of- fit measure stood at a value of 1.6107 with a significant p-value of 0.035, compared with the standard error of regression at a minimal value of 0.0817. This indicates that the results are usable for prediction. Furthermore, the Durbin Watson (DW) statistics also stood at impressive value of 1.90, indicating absence of autocorrelation in the results. Therefore, the entire results proved impressive for policy prediction.

Test of Hypotheses and Discussion of Results

In testing the hypotheses, the decision rule is to reject hypothesis formulated if the calculated t- statistical probability value is less than t-critical probability value at 5% significance level. Otherwise, it is accepted. To test the various hypotheses, t-statistics probability values for the respective variables in Table 5 were used.

H_{O1}: *Firm size has no significant relationship with voluntary corporate governance disclosure in Nigerian quoted companies.*

The value of firm size t- statistical probability indicated 0.0046 (0%), while the critical probability value was 5% significance level. This suggested that firm size is statistically significant. Based on the decision rule, we reject the hypothesis, meaning that firm size has significant influence on the determination of corporate governance disclosure in Nigeria.

The finding is in agreement with that of Hassan et al. (2006) who justified that firm size determines corporate governance disclosure by positing that large-sized firms are more likely to have enough resources to afford the cost of producing corporate governance information disclosure in annual reports and attract wide range of users compared to small-sized firms. It is also in agreement with the findings of the following: Arifah and Ma'mum (2014), Alsaeed (2006), and Souissi and Khaliff (2012).

H_{O2}: *Financial leverage has no relationship with voluntary corporate governance disclosure in Nigerian quoted companies.*

From the regression results in table 4, financial leverage has a t-statistical probability of 0.5648 (57%), which is higher than the critical probability value of 0.05. This implied that financial leverage is statistically insignificant. Following the decision rule, we accept the null hypothesis and reject the alternate hypothesis. The coefficient of leverage is a positive value. These mean that that leverage has a positive but significant effect on voluntary corporate governance disclosure in by quoted companies in Nigeria. This supported the view of Khanna, Palepu and Srinivasan (2004) who stated that companies having high financial leverage should have higher degrees of transparency because creditors require them to disclose more corporate governance information. On the other hand, Archambault and Archambault (2003) found no association between financial leverage and corporate governance disclosure.

HO3: *Financial performance has no significant relationship with voluntary corporate governance disclosure in Nigerian quoted companies.*

From table 4, the financial performance t-statistical probability value is 0.1341 (over 13%), while the critical probability value is 0.05. This showed that financial performance is statistically insignificant. The coefficient of financial performance in the regression result is negative. As stated in the decision rule, we accept the null hypothesis and reject the alternate hypothesis. This implies that that financial performance has a negative but significant effect on voluntary corporate governance disclosure in Nigeria quoted companies. The finding was in agreement with those of Kusumawati (2006) who found that profitability has negative influence on good corporate governance voluntary disclosure, suggesting that when firms are facing decline in profitability, they will tend to give more disclosure about corporate governance practices.

HO4: *Growth opportunities have no significant relationship with voluntary corporate governance disclosure in Nigerian quoted companies.*

From the regression results, growth opportunity t-statistical probability value is 0 while the critical probability value is 0.05. The coefficient of growth opportunity is a positive value of 0.004842. This implies that growth opportunity is statistically significant. Based on the decision rule, we reject the null hypothesis and accept the alternate hypothesis. Thus growth opportunity has a positive and significant effect on voluntary corporate governance disclosure in Nigerian quoted companies. This finding is in line with Aksu and Kosedag (2006) and Berglof and Pajuste (2005) who found that there is a positive relationship between growth opportunities and the level of corporate governance disclosure. The results, however, differs from Eng and Mark, (2003) , and Ben-Amar and Boujenoui (2008) who respectively found no relationship between corporate governance and growth opportunity.

H_{05}: *Industry type has no significant relationship with voluntary corporate governance disclosure in Nigerian firms* (β5=0).

Industry type has t-statistical probability value of 0.0000 (0%), which is lower than the critical value0.05. This indicated that industry type is statistically significant. We therefore reject the null hypothesis and accept the alternate hypothesis that industry type has a significant relationship with voluntary corporate governance disclosure in Nigerian quoted companies. The finding is consistent with Muhammad et al. (2009) and Cooke (1991). The findings are, however, not consistent with the findings of Anderson and Daoud (2005) and Bhasin (2013).

Conclusion and Recommendations

The objective of this study is to examine the effect of firm characteristics on voluntary corporate governance disclosure by quoted companies in Nigeria for the period 2013-2015. The study used secondary data obtained from the annual reports and accounts of 65 companies quoted on the Nigerian Stock Exchange. Panel least square regression technique was used with the aim of explaining and predicting empirically the effect of firm characteristics on voluntary corporate governance disclosure.

The result of the descriptive statistical analysis shows that mean voluntary corporate governance disclosure index is 17% and this is considered low, though it compares favorably with results from many other developing countries. The result of the regression analysis shows that there is a positive and significant relationship between firm size and voluntary corporate governance disclosure. On the other hand, the results show that there is a positive but insignificant relationship between leverage and voluntary corporate governance disclosure. Profitability or financial performance was found to have a negative and insignificant relationship with voluntary corporate governance disclosure. Both growth opportunity and industry type were found to have positive and significant relationship with voluntary corporate governance disclosure.

Corporate governance has attracted considerable attention over the years. Corporate governance disclosure, whether mandatory or voluntary, are geared towards ensuring accountability, transparency and credibility in corporate reports of firms for the interest of stakeholders. The level in which firm disclose corporate governance in the annual reports were of several issues. Following the various reviews and outcome of analysis and interpretation, it is concluded that size of the firm, growth opportunity of the firm, and the industry type have positive and significant relationship with voluntary corporate governance disclosure. It is also concluded that the extent to which the firm is financed with debt (leverage) has a positive but insignificant relationship with voluntary corporate governance disclosure. Furthermore, financial performance has a negative and insignificant relationship with voluntary corporate governance disclosure.

Flowing from the findings of the study, it is recommended that: (1) Firms quoted on the Nigeria Stock Exchange whether large or small size should voluntarily disclose corporate governance issues; (2) The type of industry a firm belongs to should not affect the level of corporate governance disclosure. All firms should fully disclose corporate governance issues in the interest of stakeholders; and (3) Regulatory authorities should consider increasing the number of corporate governance items in the mandatory disclosure regime or universe to enhance overall corporate governance disclosure quality.

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Appendix 1: Voluntary Corporate Governance Disclosure Checklists

1. Board Technical, Risk Management and Compliance Committee
2. Duties of Board Members
3. Disclosure Information on Board Members Qualification and Experience
4. Executive Management Committee
5. Assets and Liabilities Committee
6. Board Credit Committee
7. Anti- Money Laundering
8. Information about Change in Board Members
9. Managers Engagement/Directorship of other Companies
10. Details of Senior Managers and Board of Members Remuneration
11. Property Optimization Committee
12. Policy on Employee Training
13. Business Development Committee
14. IT Steering Committee
15. Critical Assets Committee (CAC)
16. A Review of Shareholders by Type
17. Age of the Directors
18. Board Political Connections
19. Board Ethnicity
20. Religion of Board Member