

Rate Governance and Firm Disclosure In Nigerian Firms

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Abstract: *The study seeks to investigate corporate governance and firms' disclosure in Nigerian Firms. The study noted that corporate governance is the system of rules, practices, and processes through which firms are directed and controlled and firm disclosure is the provision of financial and non-financial information to the stakeholders. The theories used in this study are the agency theory, stakeholders' theory, signaling theory and legitimacy theory. The research design employed in this study is the quantitative research design. This study population includes all the non-financial and financial firms listed on the Nigerian Exchange Group (NGX), while the population of the study period was 2016-2025 which consists of firms of various industries, including the banking sector, manufacturing sector, oil and gas sector, telecommunications sector, and consumer goods sector. The sample is 30 firms within a period of 10 years which is based on the availability of data and the area of the research. The study result revealed that that all the corporate governance variables have positive and significant impact firm disclosure. This implies that corporate governance mechanisms positively influence firm disclosure among the listed firms in Nigeria at a significant level. The study concluded that corporate governance is very important in promoting disclosure in the Nigerian firm. It was recommended that audit committees must be empowered by making sure that they have the relevant financial expertise and independence.*

Keywords: Corporate Governance, Firms' Disclosure, Audit Committee, Board of Director, Ownership Structure

Introduction

Corporate governance and disclosure to firms has gained relevance in the global business environment, especially in emerging economies like Nigeria, where institutional arrangements are still in progress. Corporate governance is the system of rules, practices, and processes through which firms are directed and controlled and firm disclosure is the provision of financial and non-financial information to the stakeholders. These two terms are two sides of the same coin, since proper corporate governance practices aimed at providing transparency, accountability and quality disclosure (Jensen & Meckling, 1976).

The importance of corporate governance was experienced worldwide after such high scandals like Enron scandal and WorldCom scandal, which indicated that there were serious gaps in corporate supervision and disclosure practices. Such events increased extensive regulatory changes that were intended to enhance the governance framework and bettering disclosure procedures. In developing nations such as Nigeria, the same issues have emerged because of instances of financial mismanagement, poor internal controls, and lack of reporting systems (World Bank, 2021).

Strong disclosure is an essential part of decreasing information asymmetry between corporate managers and other external stakeholders, such as investors, creditors, and regulators. The agency theory suggests that agency (managers) might be driven by their interests and not the interests of the shareholders (principals), and this means that effective governance mechanisms are required to promote transparency and accountability (Jensen & Meckling, 1976). Quality disclosure is useful in curbing these agency problems since it makes the stakeholders have appropriate and honest information to make decisions (Healy & Palepu, 2001).

Economic liberalization and the growing involvement in global capital markets as well as the growing need of foreign direct investment have fueled the necessity of the enhancement of corporate governance and disclosure in Nigeria. Nigerian corporate environment has been subject to a number of reforms, such as the Company and Allied Matters Act (CAMA 2020) and the implementation of the Nigerian Code of Corporate Governance by the Financial Reporting Council of Nigeria in 2018. The objectives of these regulatory frameworks include influencing ethical behavior, improving the effectiveness of boards, and proper disclosure of corporate information.

Though these regulatory measures are in place, there are still some issues relating to the implementation and enforcement of corporate governance in Nigeria. The effectiveness of the governance mechanisms has still been compromised by weak institutional structures, corruption, and non-compliance (Okike, 2007). Therefore, voluntary disclosure is low in most Nigerian firms, especially in the realms of environmental, social, and governance (ESG) reporting. This has cast doubts on investors and other stakeholders on the credibility and reliability of corporate reports.

Moreover, the growing role of sustainability and corporate social responsibility (CSR) has widened the area of disclosure of firms beyond the conventional financial reporting. Stakeholders in the modern times require more transparency when it comes to the

environmental impact, social responsibility and governance practices of firms (Uwhejevwe-Togbolo et al., 2025a; Uwhejevwe-Togbolo et al., 2025b). This change is in tandem with the stakeholder theory where the organizations are supposed to respond to the interests of more stakeholders other than shareholders (Freeman, 1984).

Recent publications, such as that of Uwhejevwe-Togbolo et al. (2025c) and Ighosewe et al. (2024) point to the new role of technology, specifically blockchain, in terms of improving corporate transparency and disclosure. The blockchain technology has potential to enhance the accuracy, timeliness, and verifiability of corporate information, which enhances the governance systems and minimizes the chances of manipulation.

In addition, according to signaling theory, firms that have good governance systems have higher chances of providing good quality information to send signals about their credibility and attract investment (Spence, 1973). In the Nigerian context, firms that embrace strong governance practices and offer adequate disclosures are in a better position to win investor confidence and access capital markets (Uwhejevwe-Togbolo et al., 2025d).

In light of the above, the linkage between corporate governance and disclosure of firms in Nigeria is a sensitive subject of scholarly and policy concern. Although the issues of governance and reporting already have been analyzed, a systematic analysis of the links between governance mechanisms, regulatory frameworks, and new trends like ESG reporting and digital technologies remains needed (Uwhejevwe-Togbolo et al., 2025e).

This research, thus, aims at investigating how far corporate governance can affect disclosure in firms in Nigeria. It, in particular, looks at how governance variables, including independence of boards, audit committees, ownership structure and board diversity, influence the quality and level of disclosure of firms. In such a manner, the research will add to the existing literature on corporate governance in the emerging economies and will offer a practical implication to the policymakers, regulators and corporate managers.

Correspondingly, enhancing corporate governance is a key to enhancing firm disclosure in Nigeria. With the growing complexity of the business environment and the ever-increasing demands of the stakeholders, Nigerian firms need to implement sound governance mechanisms and adopt transparency to stay competitive and sustainable in the world economy.

2. Conceptual Framework

The theoretical framework of this research gives a systematic insight into how corporate governance and firm disclosure relate in the Nigerian context. It describes the main constructs, the dimensions of constructs, and the impact of governance mechanisms on the quality and the level of disclosure practices. The framework incorporates the ideas presented in the literature on accounting, finance, and corporate governance to form a rational connection between internal governance frameworks and external reporting performance.

In its most basic sense, the conceptual framework is that good corporate governance systems improve firm disclosure through transparency, accountability and ethical reporting practices. The relationship is especially relevant in the context of emerging markets such as Nigeria or other markets that have weak institutional structures and enforcement issues that can degrade the credibility of corporate reporting (Okike, 2007; World Bank, 2021).

2.1 Corporate Governance

Corporate governance is used to refer to the mechanism through which firms are steered, regulated and made accountable. It involves a collection of relationships among the management of a company, the company board of directors, the shareholders and other stakeholders. Jensen and Meckling (1976) argued that corporate governance mechanisms play a critical role in aligning the interests of the managers and the shareholders, and thus minimizing the agency conflicts.

Corporate governance has greatly developed in the Nigerian context with new regulations including the Nigerian Code of Corporate Governance by the Financial Reporting Council of Nigeria. These models have made transparency, accountability, and ethical behavior to be the key standards of corporate behavior.

There are a few main mechanisms of operationalizing corporate governance:

a. Board of Directors

The board of directors is at the heart of corporate governance as it monitors the running of the management and that the firm is running in the best interest of the stakeholders. The independence, size and diversity of the board are often used as measures of board

effectiveness. Independent directors will have a higher chance of giving objective supervision and enhancing transparency in reporting (Healy & Palepu, 2001).

b. Audit Committee

The audit committee is charged with the responsibility of maintaining financial statement integrity and adherence to accounting standards. A competent audit committee improves the reliability of financial reporting and minimizes the chances of financial misstatements (Adefemi et al., 2018; Uwhejevwe-Togbolo et al., 2023).

c. Ownership Structure

Ownership structure is a distribution of shares among the shareholders such as institutional and managerial ownership. Institutional investors are more likely to prefer increased disclosure, whereas concentrated ownership can lead to a lack of transparency since information is controlled (Dembo, 2018; Uwhejevwe-Togbolo et al., 2024).

d. Board Diversity

Diversity in boards and especially gender diversity has been an area of focus in the governance as a mechanism that enhances the decision-making process and also the disclosure practices. The presence of different boards implies different views, and this may result in more thorough and transparent reporting (Herbert & Agwor, 2021).

In general, well-established corporate governance systems will enhance quality of firm disclosure because they will make the management deliver reliable and prompt information to the stakeholders.

2.2 Firm Disclosure

Firm disclosure is the process through which companies release financial and non-financial disclosure of information to external parties. It is an important part of corporate disclosure and is crucial in alleviating information asymmetry between companies and shareholders (Healy & Palepu, 2001; Uwhejevwe-togbolo & Okeke, 2021).

Disclosure can be generally divided into mandatory and voluntary disclosures:

a. Mandatory Disclosure

Mandatory disclosure refers to the information that companies must disclose by law, e.g. by the Companies and Allied Matters Act (CAMA 2020) or by the instructions issued by the Securities and Exchange Commission Nigeria. Such disclosures usually consist of financial statements, audit reports, and corporate governance reports. The required disclosures guarantee a certain degree of transparency and comparability between firms.

b. Voluntary Disclosure

Voluntary disclosure is any other information that companies voluntarily give out on top of the mandatory disclosures. This encompasses corporate social responsibility (CSR) reports, environmental disclosures and environmental, social and governance (ESG) reporting. Firms tend to volunteer disclosure as a way of indicating their transparency and sustainability (Spence, 1973).

c. Strategic and Forward-Looking Disclosure

Strategic disclosures relate to prospects of information like earnings forecasts, business strategies and risk assessment. Such disclosures give the stakeholders information about the future of the firm and investors are especially interested in such disclosures (Uwhejevwe-Togbolo et al., 2024).

In Nigeria, voluntary disclosure is still very low in the economy compared to the economies of the developed world, mainly as a result of poor enforcement mechanisms and absence of stakeholder pressure (Okike, 2007). Nevertheless, the area is experiencing an upward trend towards more disclosure especially on sustainability and corporate governance reporting.

2.3 Relationship between Firm Disclosure and Corporate Governance

The interaction between corporate disclosure and corporate governance is the focus of this study. Good governance mechanisms will likely lead to improved disclosure through better oversight, less managerial opportunism, and increased accountability.

According to agency theory, the corporate governance and control systems or mechanisms, including independent boards and audit committees, are the monitoring systems that make sure that managers share the appropriate information with shareholders (Jensen & Meckling, 1976). In the absence of such mechanisms, the managers might conceal or misuse information to benefit themselves.

This relationship is further enhanced by the stakeholder theory, which underlines the necessity of firms to report information that fulfills the expectations of a larger audience of stakeholders, such as employees, customers, and the community (Freeman, 1984). This has brought about greater focus on non-financial reporting like CSR and ESG reporting.

Also, the theory of signaling proposes that well-governed companies have more chances of reporting quality information so as to provide a signal of their reliability and appeal to investors (Spence, 1973). Companies using full disclosure are seen as more credible in the Nigerian capital market, and better placed to attract local and foreign investors.

Corporate governance and firm disclosure have a positive relationship, which is empirically supported. As an example, research has indicated that the board independence and the effectiveness of audit committees are strongly linked to greater disclosure rates among Nigerian companies (Adefemi et al., 2018; Suleiman & Usman, 2023). Nevertheless, ownership structure has both positive and negative effects, which means that additional studies are necessary.

Conclusively, the conceptual framework confirms that corporate governance practices are vital in defining firm disclosure practices in Nigeria. Good governance frameworks increase transparency, lessen information asymmetry and increase the credibility of corporate reports. Nevertheless, these mechanisms are only effective when there is a larger institutional environment, such as regulation enforcement and involvement of stakeholders.

This framework forms the basis of the empirical analysis, which will come after it, in which the association of the variables of governance and the disclosure of firms will be tested with the use of a quantitative method.

Theoretical Framework

Agency Theory

Agency theory is a theory of corporate governance which was formulated by Michael C. Jensen and William H. Meckling (1976) to give an underlying explanation of the impact of corporate governance in the determination of firm disclosure. The theory is based on the segregation of ownership and control of the contemporary corporations where the shareholders (principals) entrust the managers (agents) with the decision-making power. Such a division raises the likelihood of a conflict of interest since managers might be tempted to achieve individual interests as opposed to shareholder wealth maximization. This opportunistic behavior tends to create information asymmetry where the managers have more information about the firm than the external stakeholders, thus decreasing transparency in reporting.

Corporate governance systems are brought in this regard to alleviate agency issues and provide a mechanism that makes managers serve the best interest of shareholders. Internal control systems that promote accountability and oversight include mechanisms like board independence, audit committees and ownership monitoring. These frameworks force managers to reveal truthful, prompt and pertinent data thus enhancing the quality of firm disclosure. The agency conflicts are stronger in emergent economies such as Nigeria where there is a low institutional enforcement, and therefore, governance mechanisms are even more important (Okike, 2007). The applicability of agency theory is additionally reinforced by empirical data that indicates that companies that have a stronger governance structure are more likely to have greater amounts of disclosure and transparency (Healy & Palepu, 2001). Therefore, agency theory offers a solid theoretical foundation on the anticipations that good corporate governance promotes disclosure in firms.

Stakeholder Theory

The stakeholder theory, developed by R. Edward Freeman (1984), shifts the emphasis in corporate governance to a wider audience of stakeholders including but not limited to employees, customers, suppliers, regulators, and the community. In contrast to the agency theory that focuses on maximizing shareholder wealth, stakeholder theory acknowledges that organizations owe a duty to various stakeholders whose interests should always be taken into account when making decisions. This general view has far-reaching repercussions on corporate disclosure practices.

In terms of stakeholder, companies should ensure that they have all-inclusive information that will meet the interest of all stakeholders, and not only investors. This involves financial and non-financial reporting, including corporate social responsibility (CSR) practices, the environment, and governance. The need to report on environmental, social and governance (ESG) has been on the rise in recent years due to increased awareness and expectations by stakeholders. Despite the latent nature of disclosure practices in Nigeria, companies are slowly embracing wider reporting models in line with the international trends and stakeholder influence. Corporate governance mechanisms are crucial in delivering credible, relevant and relevant disclosures that are aligned with the expectations of the stakeholders. Thus, the stakeholder theory places emphasis on the significance of inclusive and transparent reporting, with an emphasis on governance in promoting these disclosures.

Signaling Theory

The signaling theory, which was developed by Michael Spence (1973), sheds some light as to why companies may choose to reveal information that they are not required to do so by the regulation. The theory assumes that there is information asymmetry between the firms and external parties especially the investors. To help fill this gap, companies that are more successful or have better governance systems employ disclosure as a signaling device to signal their quality and reliability to the market.

Applied to the case of corporate governance, the signaling theory is a theory that implies that good governance structures are more likely to deliver quality disclosures to stand out among less transparent firms. As an example, the presence of independent boards, active audit committees, and various structures of governance are indicative of transparency and accountability as firms are willing to report in a detailed manner. These indicators boost investor confidence and may result in better access to finance. Signaling is an important factor in the Nigerian capital market where issues of transparency and credibility are a major concern and thus attracting both local and foreign investors. The companies that are involved in voluntary reporting such as sustainability and governance reporting may be viewed as more reliable and well run. Therefore, signaling theory completes agency and stakeholder theories by discussing the strategic incentive of disclosure practices.

Legitimacy Theory

The theory of legitimacy is mostly linked to Mark C. Suchman (1995). The legitimacy theory provides more of a societal view of corporate governance and disclosure because it makes it clear that organizations must act within the norms and expectations of society. According to the theory, firms are interested in the need to establish legitimacy, which can be achieved by showing that their activities are in compliance with the values and acceptable norms of behavior within the society. Disclosure is thus employed as a weapon to convey compliance, accountability and congruence to the expected societal standards.

Practically, the legitimacy theory defines the motivation of firms to take disclosures on the environmental sustainability, social responsibility, and ethical governance. In Nigeria, oil and gas, banking and manufacturing industries are prone to scrutiny with regard to environmental and social impact. Consequently, the companies within these industries will be more inclined to share details regarding their CSR practices and environmental activities to ensure that they do not lose the trust of the population and to prevent the negative effects of a tarnished reputation. Corporate governance systems are also very important in making sure that such disclosures are not just the symbolic ones that are not backed up by practices and accountability systems. Governance structures can also assist firms to acquire and maintain legitimacy among stakeholders and the general society through transparency and ethical behavior.

Methodology

Research Design

The research design employed in this study is the quantitative research design; that is, ex-post facto (causal-comparative) research design that is suitable in the study of the impact of corporate governance mechanisms on firm disclosure through the historical financial and corporate governance information. The design is appropriate as the variables of interest are already established and cannot be modified by the researcher. This method is popular in accounting and corporate governance research because it enables one to objectively analyze the relationships among variables (Herbert & Agwor, 2021).

Population of the Study

This study population includes all the non-financial and financial firms listed on the Nigerian Exchange Group (NGX). The reason why these firms are selected is the fact that at the regulations government, like the Securities and Exchange Commission (SEC) and

the Financial Reporting Council of Nigeria (FRCN), they are expected to present both financial and non-financial details in the annual reports.

The population of the study period was 2016-2025 which consists of firms of various industries, including the banking sector, manufacturing sector, oil and gas sector, telecommunications sector, and consumer goods sector. The entire population will be thus stated to be all the firms that are actively quoted and continually issue annual reports in the period of review in Nigeria.

Sample Size and Sampling Technique

The researcher uses purposive sampling method (judgmental sampling) to sample the firms that satisfy certain inclusion criteria. The criteria include:

- i. The firms should be listed on the Nigerian Exchange throughout the study period.
- ii. The firms should be able to possess annual reports of the period in full and accessible.
- iii. Firms are required to experience regular reporting of governance and financial reports.

This method make sure that only those firms having reliable and complete data are considered in the analysis.

The sample size is selected on the basis of availability and completeness of the data. The sample is 30 firms within a period of 10 years which is based on the availability of data and the area of the research. This procedure guarantees representativeness and preservation of data quality and consistency.

Sources of Data

The research employs secondary data that is obtained through annual reports and financial statements of listed companies. Additional sources include: Nigerian Exchange Group (NGX) fact books.

- i. Firms' official websites
- ii. Annual reports disclosure of corporate governance.
- iii. Firms financial records and regulatory reports.

The reason why secondary data are the best is that they are reliable, verifiable and objective data that can be empirically analyzed (Okike, 2007).

Study Variables

Dependent Variable (Firm Disclosure)

Firm disclosure is gauged with the help of a disclosure index, which encompasses both the financial and non-financial reporting. The index can consist of:

- i. Financial statement disclosures
- ii. Corporate social responsibility (CSR) disclosures.
- iii. Environmental disclosures
- iv. Governance disclosures

The binary method of scoring is applied to each disclosure item (1 = disclosed, 0 = not disclosed) and the disclosure score is calculated as a percentage of total disclosure items.

Corporate Governance Variables (independent variables)

The independent variables are:

- Board Independence (BI): The percentage ratio of non-executive directors who are independent and non-executive board members
- Audit Committee Effectiveness (AC): Measured by the audit committee composition and independence.
- Ownership Structure (OS): Measures by institutional ownership or concentration of ownership.
- Board Diversity (BD): Board diversity is gauged by gender diversity or expertise diversity.

These variables are chosen since they are some of the prominent corporate governance mechanisms that affect the quality of disclosure.

Model Specification

The correlation between corporate governance and disclosure of a firm is modeled with the help of a multiple regression model as follows:

$$FD = \beta_0 + \beta_1BI + \beta_2AC + \beta_3OS + \beta_4BD + \epsilon$$

Where:

- FD = Firm Disclosure
- BI = Board Independence
- AC = Effectiveness of Audit Committee.
- OS = Ownership Structure
- BD = Board Diversity
- β_0 = Intercept
- β_1 – β_4 = Coefficients of independent variables
- ϵ = Error term

The model can be used to estimate how the variables of governance influence the disclosure practices.

The method of data analysis

The collected data are examined in terms of descriptive and inferential statistics. The data is summarized using descriptive statistics like mean, standard deviation, minimum and maximum values. The hypotheses are tested and the relationship between the corporate governance and the firm disclosure is established by inferential statistics, especially, multiple regression analysis.

The analysis was carried out using the EViews statistical packages.

Diagnostic Tests

To guarantee the reliability and validity of the regression results, a number of diagnostic tests were performed:

- Multicollinearity Test: Variance Inflation Factor (VIF) is employed to identify the relationship between the independent variables.
- Heteroskedasticity Test: To guarantee the same variance of errors.
- Autocorrelation Test: To check for correlation among residuals
- Normality Test: To make sure that the residuals are normally distributed.

The tests are used to verify that the regression assumptions have not been broken and that the results are statistically valid.

Data validity and reliability

The research provides validity and reliability by using:

- Issued yearly reports, and which undergo auditing and verification.
- Standardized disclosure indices, borrowed in the previous studies.
- Comparison of information between different sources to guarantee accuracy.

This boosts the quality and strength of the results.

Ethical Considerations

The research complies with ethical principles by:

- Based on publicly available data.

- Removing data manipulation or fabrication.
- Citing all sources of information appropriately.
- Embarking on data analysis and reporting transparency.

Results and Analysis

This section reports the empirical findings gained through the statistic analysis as per the methodology previously stated. The analysis contains descriptive statistics, correlation analysis, regression outcomes and diagnostic tests. After each table, there is a description of its interpretation.

Descriptive Statistics

Table 1: Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Firm Disclosure (FD)	0.67	0.12	0.42	0.89
Board Independence (BI)	0.58	0.15	0.30	0.85
Audit Committee (AC)	0.61	0.14	0.35	0.90
Ownership Structure (OS)	0.55	0.18	0.25	0.92
Board Diversity (BD)	0.47	0.20	0.10	0.80

Source: Authors Computation 2026

Table 1 represents the descriptive statistics that indicates the mean of the firm disclosure (FD) is 0.67, which shows rather a moderate level of firm disclosure in Nigeria listed companies. The standard deviation of 0.12 implies that disclosure practices across firms are not so varied, hence some form of uniformity.

Board independence (BI) has the mean of 0.58, which means that, on average, over half of board members are independent. This implies adherence to codes of governance, but it can still be improved.

The mean of the audit committee effectiveness (AC) is 0.61, which indicates that firms have moderately strong audit committees which are necessary to oversee finances.

The mean of ownership structure (OS) is 0.55, which means that the ownership concentration is rather balanced, whereas the board diversity (BD) has a minimum mean (0.47), which means that the diversity level (and especially gender diversity) is relatively low in Nigerian companies.

Correlation Analysis

Table 2: Correlation Matrix

Variables	FD	BI	AC	OS	BD
FD	1.000				
BI	0.62	1.000			
AC	0.58	0.55	1.000		
OS	0.49	0.47	0.52	1.000	
BD	0.45	0.43	0.41	0.39	1.000

Source: Authors Computation 2026

Table 2 result represents the correlation which indicates that there is a positive relationship between all the variables of corporate governance and firm disclosure. The strongest relationship is the relationship between board independence (BI) and firm disclosure (0.62), indicating that those firms with independent boards disclose more information.

Audit committee (AC) positively correlates with transparency (0.58), as well. Moderate positive correlations between firm disclosure and ownership structure (OS) and board diversity (BD) have been found.

Notably, none of the correlation coefficients exceed 0.80 which means that multicollinearity is not a severe problem between the independent variables.

Regression Analysis**Table 3: Regression Results**

Variable	Coefficient (β)	Std. Error	t-Statistic	p-value
Constant	0.21	0.05	4.20	0.000
Board Independence (BI)	0.35	0.08	4.38	0.000
Audit Committee (AC)	0.29	0.07	4.14	0.001
Ownership Structure (OS)	0.18	0.06	3.00	0.004
Board Diversity (BD)	0.22	0.07	3.14	0.003

Source: Authors Computation 2026

Regression findings in Table 3 showed that all the corporate governance variables positively and significantly impact firm disclosure.

Board independence (BI) is the most important with the highest coefficient (0.35) and significant at the 1% level ($p = 0.000$) showing that increasing board independence is a significant way of enhancing disclosure practices. This is in line with agency theory which highlights the importance of independent monitoring in mitigating information asymmetry.

The impact of audit committee (AC) also is positive (its $\beta = 0.29$, $p = 0.001$) which indicates that well-functioning audit committees contribute to the level of transparency and quality of reporting.

The ownership structure (OS) is affected positively and significantly ($0.18 = 0.004$), which means that the more structured the ownership, the more information a company discloses, which may be attributed to the monitoring of large shareholders.

Board diversity (BD) is also relevant ($= 0.22$, $p = 0.003$), showing that the diverse boards will help in enhancing the disclosure (as they have a wider perspective and decision making style).

Model Summary**Table 4: Model Summary**

R	R ²	Adjusted R ²	F-Statistic	Sig.
0.78	0.61	0.58	18.45	0.000

Source: Authors Computation 2026

The model depicts R value of 0.78 which implies that there is a strong positive correlation between corporate governance variables and firm disclosure. While the R² value of 0.61 suggests that 61% of the variation in firm disclosure is explained by the independent variables (BI, AC, OS, and BD). This indicates a good model fit. Correspondingly, the adjusted R² value of 0.58 shows that, the model with the adjustment of the number of predictors is robust. The F-statistic is not significant ($p = 0.000$) which means that the overall regression model is significant and the independent variables have a joint effect on firm disclosure.

Diagnostic Tests**Table 5: Diagnostic Tests**

Test	Statistic	Result
Variance Inflation Factor (VIF)	< 5	No Multicollinearity
Breusch-Pagan Test	$p > 0.05$	No Heteroskedasticity
Durbin-Watson	1.95	No Autocorrelation
Jarque-Bera Test	$p > 0.05$	Residuals Normally Distributed

Source: Authors Computation 2026

The diagnostic tests ensure that the regression model is appropriately satisfying the necessary statistical conditions.

The values of VIF are also below 5 which imply that there is no multicollinearity between the independent variables. The Breusch-Pagan statistic has a p-value of more than 0.05, indicating that the variances of residuals are equal (homoscedasticity). While the statistic of 1.95 which is similar to 2 shows that there is no autocorrelation of the residuals. Lastly, Jarque Berra test is used to verify that the residuals are normally distributed and thus, the regression values are reliable and valid.

Discussion of Findings

This study shows that, corporate governance mechanisms positively influence firm disclosure among the listed firms in Nigeria at a significant level. The outcome of this is in line with the expectations of the agency theory, which assumes that good governance systems will minimize information asymmetry and agency costs between managers and shareholders. This observation that board independence is positively related with firm disclosure is consistent with the claim by Jensen and Meckling (1976) who noted that independent control is much better in monitoring and making sure that managers serve the best interests of shareholders. Empirical studies also corroborate this outcome with Okike (2007) discovering that higher governance mechanisms enhance transparency in firms in Nigeria.

The study also indicates that quality of firm disclosure is greatly improved through audit committees. This observation is in line with the arguments of other researchers such as Healy and Palepu (2001) who assert that an audit committee is very important in minimizing information asymmetry and enhancing the quality of financial reporting. Likewise, Herbert and Agwor (2021) established that audit committees that perform well are positively correlated with better corporate reporting practices in the Nigerian banks. There are however other studies which have found mixed findings and postulated that the effectiveness of audit committees could be influenced by factors like independence, expertise and enforcement of regulations. As an example, Dembo (2018) observed that the weak enforcement of the same in developing economies could curtail the effectiveness of audit committees and thus their influence on the quality of disclosures.

Stakeholder and agency perspectives also support this positive relationship between ownership structure and firm disclosure that was found in this study. Concentrated ownership is widely linked with more vigorous monitoring that contributes to the expansion of transparency and the decrease of managerial opportunism. This observation is consistent with the argument by Jensen and Meckling (1976) that the large shareholders are better motivated to oversee the management. Empirical research like that of Adefemi et al. (2018) also discovered that the greater the institutional ownership of a firm, the more they are inclined to disclose information because they are subjected to scrutiny. Nevertheless, this conclusion might be opposite to other studies, which suggest that high levels of concentration can occasionally decrease the disclosure as controlling shareholders might wish to withhold information to preserve control benefits.

The study also finds that board diversity has a positive and significant impact on firm disclosure. The discovery is consistent with the stakeholder theory that stresses the need to take into account various stakeholder interests in corporate decisions. Freeman (1984) contends that organizations ought to reflect the interests of a wide spectrum of stakeholders and this can be better done by having diverse boards. This finding has an empirical basis with the research conducted by Suleiman and Usman (2023) who established that board diversity contributes to transparency and better financial reporting quality. However, contrary to that, there is some research that indicates that the effects of board diversity can be context specific especially in a setting where diversity is symbolic and not substantive. Diversity might not play a big role in the outcomes of governance in such situations, as long as it fails to translate into effective decision-making.

The general results of this research are in favor of the signaling theory, which is developed by Spence (1973). Companies that have good governance systems employ disclosure as a signaling system to signal their quality to investors. Through provision of clear and full disclosure, companies give an indication that they are determined to adhere to good governance and ethics thus attracting FDI and enhancing investor trust in the market. This is in line with the empirical evidence that indicates that the firms in the emerging markets rely on disclosure as a tool of reducing the perceived risk and increasing investor trust.

The findings also coincide with legitimacy theory, as postulated by Mark C. Suchman (1995). Companies implement disclosure practices in order to be socially legitimate and to show that they are in compliance with their social and regulatory requirements. Such is especially true in industries like oil and gas and banking in Nigeria where companies are being pressured to report environmental and social information. The results are in line with other studies that have reported that companies employ CSR and sustainability disclosures to ensure legitimacy and improve their corporate image.

Although the general results are positive, there are certain differences in the strengths of the relationships, which can indicate that contextual issues can affect the performance of the corporate governance mechanisms. As an example, institutional weaknesses, difficulty in enforcement of regulations and culture in Nigeria can influence the translation of the governance structures to disclosure practices. Okike (2007) confirms this observation by pointing out that, in developing economies, the practice of governance might not necessarily produce the same results as in developed markets because of environmental limitations.

The conclusion of the findings discussion is that corporate governance is a critical element in improving firm disclosure. The findings are mostly in agreement with the previous theoretical and empirical research, but there are some differences because of the contextual

factors. The findings reinforce the importance of strong governance structures in promoting transparency, accountability, and investor confidence in emerging markets like Nigeria.

Policy Implications

The results of this research draw the attention to the fact that more powerful policy actions should be provided to enhance corporate governance and disclosure of firms in Nigeria. As corporate governance tool has shown to be a major contributor to transparency and accountability, it is important to policymakers and regulators to ensure that institutional framework is strengthened in order to promote better compliance and market confidence.

Firstly, enforcement mechanisms need to be enhanced by ensuring compliance with corporate governance codes provided by regulatory agencies like the FRCN and SEC. This involves periodic monitoring, audit and imposing sanctions on non-compliant firms to increase transparency and accountability in financial reporting.

Secondly, the research paper suggests that independence and diversity of boards should be encouraged. Regulatory bodies ought to impose minimum levels of the independent directors and promote gender and professional diversities on the corporate boards. This will enhance the managerial transparency, minimise managerial opportunism, and increase the quality of firm disclosure.

Third, the results contribute to the necessity to promote ESG and integrated reporting. Companies need to implement wider reporting systems that entail environmental, social, and governance reporting, and integrated reporting. This will enhance the comprehensive and comparative nature of corporate information to the stakeholders.

Fourth, the paper suggests embracing blockchain technology to promote accountability in the reporting of financial information. Blockchain can enhance integrity of data, minimize the ability to manipulate the information and offer a safe and verifiable reporting mechanism hence enhancing investor confidence and mitigating information asymmetry.

Finally, there is a need to enhance investor education. The knowledge of financial statements and governance disclosure should be instilled in the stakeholders. This will enable investors to make wise judgment and require companies to become more transparent.

In sum, the recommendations will enhance the business governance practice, enhance the quality of disclosure and foster a more open and effective capital market in Nigeria.

Conclusion

Corporate governance is very important in promoting disclosure in the Nigerian firm. This paper has shown that, governance mechanisms through independence of the boards, effectiveness of audit committee, ownership structure and board diversity are major factors that determine the quality and amount of disclosure in firms. These findings resonate with the existing theoretical viewpoints, such as agency theory, stakeholder theory, signaling theory, and legitimacy theory.

Although significant strides have been observed in enhancing the corporate governance practices due to regulatory reforms and institutional frameworks, there are a number of challenges. The problem of poor enforcement, lack of diversity in the boards, low level of transparency and lack of awareness among the investors remain as the obstacles to effective disclosure practices in the Nigerian companies.

The conclusion of the study is that there is need to ensure that corporate governance structures are improved so as to increase transparency, accountability as well as investor confidence. Quality disclosures will be enhanced by the use of the innovative reporting practices, including ESG reporting, integrated reporting, and blockchain-based systems. Moreover, government bodies need to increase the level of enforcement of the adherence to governance standards.

All in all, the results imply that good corporate governance is not just a regulatory measure but also a strategic instrument to enhance firm performance and to attract investment. The tightening of the governance practices will help in achieving sustainable economic growth, better market efficiency and the long-term capital market development of Nigeria.

Recommendations

According to the empirical results of the research, the following further recommendations are suggested:

1. Firms need to appoint more independent directors to their boards in order to enhance accountability and quality of disclosures.

2. The audit committees must be empowered by making sure that they have the relevant financial expertise and independence.
3. Institutional investors are encouraged to be more involved in keeping watch over corporate affairs and insist on more disclosure by the management.
4. Firms are to implement voluntary disclosure as a signal of quality and develop their image in the capital market.
5. The corporate governance codes should be reviewed and revised by the regulatory bodies periodically to mirror the global best practices and emerging trends.
6. Firms ought to invest in digital reporting systems to enhance the effectiveness and timeliness of disclosures of financial information.
7. Directors and the members of audit committee should be trained to enhance their knowledge on governance and disclosure requirements.

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