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VOLUNTARY DISCLOSURE AND FIRM VALUE OF QUOTED CONGLOMERATES IN NIGERIA

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A B S T R A C T

This research work will be exploring how voluntary disclosure affects firm value of quoted conglomerates in Nigeria. In this research study, firm value was defined in terms of accounting policies and information on governance while firm value was measured using Tobin Q. This examination embraced an ex-post facto research design using secondary data of quoted conglomerates in Nigeria from 2012-2016, an aggregate of 3 conglomerates were incorporated into this study, the analysis were obtained using the ordinary least square method, descriptive statistics and also Pearson correlation coefficient. The outcomes demonstrated that voluntary disclosure has no huge association with firm value of conglomerates, it was concluded that voluntary disclosure is not sufficient to measure firm value of conglomerates i.e a rise in firm value of conglomerates is not necessarily determined by voluntary disclosure or a rise in voluntary disclosure would not necessitate an increase in firm value and it was also recommended that conglomerates should pay attention to other factors that would greatly affect either positively or negatively their value and help them maximize shareholders wealth.

K E Y W O R D S

Voluntary Disclosure, Firm value, Accounting policies, Information on Governance, Tobin Q.

Introduction

A common goal amongst most firms is to make profit. This is even more critical for public firms as they face the additional task of guaranteeing that the shareholders' wealth is adequately maximized as the rise and fall of the firm is largely dependent on its ability to perform the above responsibilities. A firm can only access funds and remain in business when its market profile is high and its value is one that any investor would be attracted to. Firm value is the perception of a company's investors in regards to the ability of its managers to foresee and react to future changes in the company's economic environment (Healy and Palepu, 2000). To remain relevant and excel in the dynamic nature of the business environment, a firm must ensure that it remains competitive. It becomes essential to critically consider factors that may influence firm's value.

A major avenue through which present and potential investors of a firm usually get information about the firm is via its annual reports. Disclosure of relevant information by firms is necessary and also serves as an effective way of maintaining and restoring the confidence of present and potential investors and other users of the financial information. This is quite necessary due to the recent scandals that rocked the corporate world and subsequently led to financial crisis that could have been prevented through comprehensive and transparent financial reporting (Jankensgård, Hoffmann, and Rahmat, 2014; Shehata, 2014). Disclosure is defined as the communication of economic information, whether financial or nonfinancial, quantitative or otherwise concerning a firm's financial position and performance (Owusu- Ansah, 1998).

Disclosure comes in two forms namely; forced (mandatory) disclosure and voluntary disclosure. While mandatory information is disclosed to meet certain legal requirements, relevant standards (such as IAS 1) and regulating bodies, voluntary disclosure is information (mostly nonfinancial) that is additionally given. This information may include strategies, policies and processes (Beretta and Bozzolan, 2004).

According to the Cadbury report (1992), increase in disclosed information by companies gives rise to an increase in their securities value.

Statement of the Problem

Corporate reports are prepared to provide to a extensive range of users such as shareholders, management, employees, suppliers, creditors, financial analysts, tax authorities and government agencies (Abu- Nassar and Rutherford, 1996; Al- Razeen and Karbhari, 2004; Abdallah, 2014) material information useful in decision-making processes (Harahap, 2003).

Despite the aforementioned fact, firms are consistently either folding up, declaring themselves bankrupt or losing their value due to fall in their share prices caused by a reduction in the number shareholders. So the question still remains, apart from the mandated information requirements by the law, are there other information that the users of these annual reports seek that determines their future participation in these firms? Are there decisions that these firms need take to boost their value? Although numerous academic research have been conducted on voluntary disclosure practices and its relationship with firm value and characteristics of firms, yet many of these were carried out in developed countries. The few conducted in third world countries such as Nigeria have not considered Voluntary disclosure on Firm Value of Conglomerates especially in the post-IFRS implementation period Using only financial performance alone is not healthy as financial performance uses accounting based approach which in itself is a backward-looking approach. It is therefore necessary to utilize a forward-looking approach to ensure that the going concern concept is not neglected and the past performance and future outcomes can both be synergized to help the firm in determining its value.

A conglomerate is the combination of two or more corporations engaged in entirely different businesses that fall under one corporate group, usually involving a parent company and many subsidiaries. According to a report by (Egwuatu, 2016), the Banking and Conglomerates sub-sectors in September 2016 boosted turnover by 85.83%. Considering the fact conglomerates include companies that cut across several sectors, it is paramount that their disclosures and their effects on firm value are critically looked into.

Research Hypothesis

H_{01}: There is no significant relationship between Accounting Policies and TobinQ of Conglomerates in Nigeria.

H_{02}: There is no significant relationship between Information on Governance and TobinQ of Conglomerates in Nigeria.

Theoretical framework

An adequate number of theories exist that provide reasons why companies through their management would embark on voluntary disclosure practices.

i. **Agency Theory**: This theory happens to be a standout amongst the most common theories used to clarify management behaviour and voluntary disclosure. This theory gained prominence in 1976. In this theory, the firm's management is called to as the 'agent' while the investors are called the 'principal'. Jensen and Meckling (1976) define an agency relationship as a contractual agreement where a person(s) (that is the principal) employ/ engage another person (agent) by delegating authority for decision making to the agent whose major responsibility is to carry out some service(s) on behalf of the principal(s). This means that both parties enter this agreement based on different personal interests. This theory postulates that the major cause of information asymmetry is the consistent existence of conflicting interests between these two parties. This in turn gives rise to agency costs (Watts and Zimmerman, 1979). Information asymmetry occurs when the agent due to familiarity with the operations in the company has more information about the true state of the company than the principal. Agency theory seeks to explain and provide solutions to the conflicting interests that exist between the principal (shareholders) and the agent (management) as they seek to protect their own personal interest.

ii. **Capital Need Theory:** is a theory that postulates that the major reason why managers disclose information voluntarily is because it gives them the advantage of raising investment at a lower capital cost from both old and new investors. This helps companies to maintain a healthy and consistent demand for shares with a liquid market as far as these disclosures are done continually (Craven and Marston, 1999). Meanwhile, Cooke (1989) posits that the greater the disclosed additional information, the higher the intrinsic value of the firm as investors uncertainty about the firm's future profits is reduced and investors have a reason to reduce the rate of return. Schuster and O'Connell (2006) also assert that voluntary disclosure will considerably improve a company's credibility among market participants. Voluntary information disclosure has a threefold capital market effect increase in shares liquidity in the stock market; decrease in financing costs (Soltani, 2000).Attribution theory: Disclosed information is classified under this theory as either "good", "bad", or "neutral". Linsley and Shrives, (2006), Beretta and Bozzolan, (2004) and Puga (2012) assert that companies try to either retain or boost their reputation in the markets by shifting the blame for bad things that occur in the company to events beyond their control and good things attributed to their personal abilities in controlling risks. Since disclosure of risk is voluntary, this is done (by directors) to clarify bad news in such a way that it would look positive to protect their self interest against future blame arising from previously disclosed bad news (Kongprajya, 2010).

iii. **Signalling theory:** The Signalling theory is another theory developed to deal with the issue of information asymmetry. As earlier mentioned information asymmetry occurs when managers have more information about the company and its products than both the company's investors and clients. With the investors and clients possessing imperfect information about the company, the chances that the company might lose them is quite high as they(the investors and clients) may out of wrong assumptions place high value on a company with similar products. Signalling theory therefore posits that it is normal for a company with better products, projects and goals to signal the market and its participants through the disclosure of "good news" about its performance. This it does in order to distinguish itself from another company in the same industry whose products, projects and goals are average compared to its own. This action is advantageous in three ways; for Khlifi and Bouri (2010) information asymmetry between the company and its investors is reduced and sometimes eliminated depending on the level of disclosed information, the shareholders confidence in the future performance of the company is retained and boosted and the share price of the company will not be undervalued (Inchausti, 1997).

iv. **Stakeholder Theory:** This theory is hinged on the fact that an firm does not stand on its own because for it to remain existent, it must relate with various groups both inside and outside itself. Since such relationships can be affected by the decisions of both parties, the firm will on its own part try to consider the effect of its decision on these groups (employees, clients, suppliers, dealers, host communities and the nation) while still embarking on its goals and objectives (Johnson, 1971). These groups are referred to as the stakeholders. According to Donaldson and Preston (1995) and Obalola (2008), stakeholder theory has three forms or stages; a) instrumental stakeholder which focuses on the firm balancing both the interests of maximizing profit and building/ maintaining a cordial relationship with its stakeholders, b) normative which focuses on the firm's management ethical duties to its stakeholders and, c) descriptive stakeholder expatiates on the actual behaviour of managers, entities and stakeholders.

v. **Legitimacy Theory**: Under this theory, entities can only define what is right or wrong based on the norms and beliefs of the society in which they carry out their operations. Therefore the perceptions of the society determine the firm's legitimacy (O'Donovan, 2002). According to Newson and Deegan (2002), these perceptions can either be implied or expressly stated and most times these perceptions are subject to change by the society ((Brown and Deegan, 1998). Abdellah (2014) states that if an firm does not function within the perceptions of the society within which it operates, the resultant effect will be that the society may take actions that might be detrimental to the firm's continual existence. The benefits of legitimacy for entities as expressed by Ivanova and Castellano (2010) and (Suchman, 1995) are they can easily access funds for continuous operations and there would be visible growth both in the stability and the comprehensibility of the firm's activities.

Conceptual Framework

The Concept of Voluntary Disclosure

Companies in Nigeria generally prepare their financial statements based on the demands of the International Accounting Standards Board (IASB) and the Financial Reporting Council of Nigeria (FRCN). According to Schuster and O'Connell (2006), investors are not satisfied with the information disclosed in the financial statements prepared using these standards. This is the real reason for information asymmetry and the resultant effect is that investors would begin to lose confidence in these reports leading to a decline in investments they make and a rise in the capital cost of the firms.

Information is needed by investors so they are conversant with the timing and fluctuations that surround present and future cash flows to assist them make rational investment decisions (Meek, Robert, and Gray, 1995). It is at this point that voluntary disclosure is necessary. Voluntary disclosure goes a step further to provide investors with information that are not mandated by the standards but which are also necessary for the investors' consumption. For Healy and Palepu (2000), some reasons why firms voluntarily disclose information includes;

1. Capital market transactions
2. Corporate control contests
3. Stock compensation
4. Litigation
5. Proprietary costs and
6. Management talent signaling

The advantages as listed by Sexena, Dube, and Mishra (2016) includes

A. It protects investors interest
B. It gives room for better corporate governance
C. Firms get to have better risk assessment
D. Reduction in costs associated with capital
E. The firm's image and reputation is improved
F. Investors get to make better portfolio management decisions
G. It facilitates financial market's efficiency
H. Reduction in information asymmetry
I. Reduction in adverse selection by investors

With the above benefits of voluntary disclosure accruing to firms, it would be important to mention that firms who only focus on disclosing mandated information would be better off if they begin to consider disclosing other information not mandated by regulatory bodies.

Accounting Policies as a Proxy of Voluntary Disclosure

For Alayemi (2015), accounting policies refers bases, rules, principles, conventions and procedures used in preparing and presenting annual financial statements. Gietzmann and Trombetta (2000) posit that accounting policy choice is a competing source of information that assists investors to form beliefs about the firm. They also argue that firms would usually disclose accounting policy choice information more voluntarily especially if the accounting policy choice tends to be hostile in comparison to the previous one used by the firm. Firms would do this to dissuade their investors from any form of suspicion. For many researchers (such as Holthausen & Leftwich,1983 and Hand & Skantz, 1998), accounting policy disclosure can also be used as a signalling instrument for firms. Voluntary disclosure of accounting policy occurs when a firm decides to disclose significant accounting policy that is not required specifically by IFRS. The mandatory disclosure requirements for accounting policies can be found in IAS 8 but others based on IFRS, IAS and SIC requirements include:

- □ Insurance contracts (IFRS 4)
- □ Exploration for and evaluation of mineral resources (IFRS 6)
- □ Fair value measurement (IFRS 13)

For the International Accounting Standards, the basic disclosure requirements for accounting policies are:

- Inventories (IAS 2)
- Statement of Cash flows (IAS 7)
- Construction Contracts (IAS 11)
- Property, Plant and Equipment (IAS 16)
- Revenue (IAS 18)
- Accounting for Government Grants and Disclosure of Government Assistance (IAS 20)
- Separate financial statement (IAS 27)
- Intangible Assets (IAS 38)
- Investment Property (IAS 40)

For the Standards Interpretation Committee, only one requirement is mandated for accounting policy disclosure found in SIC 27 (Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The only requirement for firms is that they should disclose the accounting treatment used in treating any fee received in the legal form of a lease arrangement that does not, in substance, involve a lease under IAS 17.

It can be argued at this point that there seems to be no room for voluntary disclosure as the International Standards virtually expect mandatory disclosures on almost all aspects. But for critical accounting policy choices on marketable securities, impairments, contingencies, revenue recognition and taxes, disclosure are voluntary than mandated. According to Herdman (2002) a critical accounting policy (CAP) is one in which the accounting estimate requires assumptions about issues that are exceedingly unverifiable at the time the accounting estimate is made and different estimates that sensibly could have been utilized or changes in those estimates are probably going to happen from period to period would substantially affect the presentation of financial condition or results of operations of the firm. Voluntary disclosure tends to come more easily for firms who would secure this as an opportunity to reduce information asymmetry and litigation risks.

Information on Governance

According to Cadbury (1992), corporate governance refers to a framework by which organizations are coordinated and controlled. Information on Governance refers to the disclosure of certain information as related to the activities that give an overall picture of the established system upon which the directors of a company and employees in general function so as to achieve the firm's goals and also provide room for transparency and fairness in its dealings with all its stakeholders.

It is no news that Corporate Governance recently has pulled attention to itself and consequently this led to continuous recommendations on codes of best practices, conceptual models and research (Bhasin, 2013). This is because the success of any organization lies in its corporate governance practices.

Labelle (2002) believes that issues related to corporate governance are so important that firms would most likely use information about them for what he calls "impression management." Collett and Hrasky (2005) argue that the two reasons why firms disclose information related to governance are; first to reduce information asymmetry which would in turn reduce cost of external capital financing and second in situations where firm performance is poor, information disclosure is done to increase firm valuation and to explain the poor performance and prevent job loss of management staff. This argument was also posited by other researchers such as ASX Corporate Governance Council (2003), MacDonald (1995) and Sauer (1996). General information disclosed under corporate governance disclosures include board

of directors balance and renumeration, risk management, meetings,going-concern reporting, formation of committees and compliance reports of the committees, CG initiatives and internal controls.
Garko (2016) posits that an effective board of directors is the center of the governance structure of a well-functioning and well-governed corporation, acting as the ultimate internal monitor. Some factors that can either impede or cause progress in the governing process of a firm are.

i. Board Composition

A board in the corporate world refers to a group of selected individuals appointed by the shareholders of a firm whose responsibility to direct the daily operations of the firm. For the board to effectively fulfill its stewardship role, the board should possess the required skills and competence effectively manage different business issues, review and challenge management performance. It should be of adequate size and be committed to fulfilling its responsibilities. A board usually comprises of both outside (non-executive) directors and inside (executive) directors. For Hermalin and Weisbach (1991), agency problems can be reduced through the help of corporate governance as it has been observed by several researchers such as Fama and Jensen (1983) and Forker(1992) that non-executive directors usually have a better monitoring ability over management and as such effect the quality of financial disclosure done by firms. According to Kurawa and Kabara (2014), it is probably upon this premise that the Nigerian Code of Corporate governance recommends a board size of between five to fifteen comprising executive and non-executive directors.

ii. **Role Duality**

Under role duality, an individual holds two roles - the Chief Executive Officer and the Chairman of the board. On all grounds, this is totally unhealthy for any firm, as Molz (1988) asserts that this can limit the board from adequately monitoring, disciplining and compensating the senior managers. In extreme cases, the CEO can become unnecessarily bossy and opportunistic due to his dual roles and at the same time he/she can biased towards management at the expense of the shareholders thereby giving room to agency problems. To prevent this from occurring, the 2003 Securities and Exchange Commission code of corporate governance recommends that different persons should be appointed for the position of chairman and CEO. In situations where this is inevitable, a strong and independent non-executive independent director should be made vice chairman (Kurawa and Kabara, 2014).

Firm Value: The Concept

A firm's value is the perception of a company's investors in regards to the ability of its managers to foresee and react to future changes in the company's economic environment (Healy and Palepu, 2000). Previous researchers applied proxies such as net sales, profit, fixed assets, dividend pay-out ratio, cost of capital, the classical accounting variables such as return on equity and stock market indicators such as ratio of market value of shares to the book value of shares, price/earnings ratio, stock market price and Tobin Q to define firm value. But in this study, firm value is limited to Tobin Q.

Difference between Firm Value and Firm Performance

Firm performance is a leading catalyst of firm value. Firm performance though a complex term can be referred to as the cumulative of employee output towards the production and all other processes embarked on by an organization which could give either a positive or negative outcome. It reflects how a company's operations are efficiently and adequately done. A firm performance is the actual output of a firm when compared to its expected output. For Richard, Devinney, Yip, and Johnson (2009), firm performance can be categorised as

i. Financial performance
ii. Product market performance
iii. Shareholder returns

However, Firm value refers to the perception of a company's investors in regards to the ability of its managers to foresee and react to future changes in the company's economic environment (Healy and Palepu, 2000). This means that the better a firm's performance, the better its value and vice versa.

Tobin Q

It is the proportion of the market value of a firm (as estimated by the market value of its equity) to the replacement cost of the firm's assets (Tobin, 1969). It is hinged on the idea that if a firm is worth more than its value in light of what it would cost to remake it, and then excess profits are being earned. A Tobin's Q proportion more noteworthy than 1 shows that the firm has done well with its speculation choices i.e. it has put resources into positive net present value ventures, interestingly, an estimation of Tobin's Q lower than 1 shows that the firm did not gain its all-inclusive cost of capital with its speculation venture (Drobetz, 2003). In contrast, a firm with a TobinQ proportion less than one (otherwise called an undervalued firm), would be alluring to corporate bandits or potential buyers, as they may want to purchase the firm rather than setting-up a similar one. Consequently, this would increase interest in the firm, prompting an expansion its stock price, and then an increase in its TobinQ ratio. Firms with a ratio higher than one (overvalued firms), would have increased competition as ratio higher than one means that a firm procuring a rate higher than its replacement cost, which would cause people or different firms to fire up comparative kinds of organizations to get a portion of the profits. This would bring down the current firm's market shares; cause a fall in its market price and a decrease in its TobinQ ratio. A merit of utilizing TobinQ is that the troublesome issue of evaluating either rate of return or marginal costs is prevented.

The Conglomerates Industry in Nigeria

A conglomerate refers to refers to a large corporation that runs as a single business, but consists of several firms (generally acquired through mergers or takeovers) that offer different kind of goods or services. Often, a conglomerate may be involved in nearly every sector of an economy. For example, the six quoted conglomerates in Nigeria have interests across the economy from real estate to manufacturing, automobile, hotel, general trade and merchandise, power, agriculture and services among other sectors.This means that when a person invests in a conglomerate, he invests in practically almost all sectors of the economy. Egwuatu (2016) clearly states that the Banking and Conglomerates sub-sectors on the Nigerian Stock Exchange (NSE) in the first week of September 2016 boosted the stock market turnover by 85.83%. This means also means that the conglomerates sub sector plays a major role in contributing to the Nigerian economy. The quoted conglomerates on the NSE include;

i. A.G Leventis Nigeria Plc
ii. Chellarams Plc
iii. John Holt Plc
iv. S.C.O.A Nigeria Plc

v. Transnational Corporation of Nigeria Plc
vi. UACN Plc

Empirical Review of Literature

Mukhtar, Kantudu and Samaila (2016) conducted a research on the effects of Corporate Social Responsibility Disclosure on Value of listed Conglomerate firms in Nigeria. The study used secondary data sourced from annual reports and accounts of sampled conglomerates. The data was analyzed by means of descriptive statistics, correlation and regression analysis (pooled OLS, Fixed Effect and Random Effect using STATA version 12). The results showed that Corporate Social Responsibility (CSR) Disclosure on community involvement, employee relations and environmental concern have positive and significant impact on value of firms in the Nigerian conglomerate industry. However, the research also revealed that CSR disclosure on consumer/product quality has negative effects on the value of sample firms. The study concluded that CSR disclosure is key in determining a firms' value in the industry. The study finally advised that management of conglomerate firms should increase the level of disclosure on community involvement, employee relations and environmental concern given the enormity of higher level of these disclosures on the firms' value.

Oyerogba (2014) conducted a research on the use of voluntary disclosure in determining the quality of financial statements among the listed companies in Nigeria. The study streamlined its research to consider the effects of voluntary disclosure on investor decision and performance of listed companies in Nigeria. Using an exploratory design and collecting primary data, the study population included all the 258 listed companies in Nigeria. The respondents consisted of accountants, external auditors and users of accounting information (financial analysts, stockbrokers, bankers, regulators and educators). The study sample size was 140 where twenty questionnaires were distributed in every category of the respondents. These measures were calculated using Statistical Package for the Social Sciences (SPSS 20) software. The results revealed that there was increased performance, and investor decision making was easy with adequate voluntary disclosure of information. The study therefore concluded that voluntary disclosure was statistically significant in explaining investors' decision and performance of listed companies in Nigeria.

Fodio, Abu-Abdissamad and Oba (2013) used regression models to examine the impact of Corporate Social Responsibility (CSR) on market value of 35 financial services firms in Nigeria for the period 2004 – 2008. They used firm size, leverage, growth and dividend payment as control variables and came to a conclusion that there is a positive impact of CSR proxies (Human Resource Management and Community Development used in the research) on market value.

Nekhili, Boubaker and Lakhal (2012) examined the impact of voluntary Research and Development (RandD) disclosure on french firms' market value, and whether it is influenced by ownership structure. Using a sample of 84 French listed firms over the 2000-2004 period, and developing an RandD disclosure index comprising of 32 hand-collected items from annual reports. Their findings revealed that voluntary RandD disclosure improves the market value of equity, suggesting that the benefits from disclosures of RandD activities is higher than the disclosure costs and that family and institutional investor-firms are more likely to withhold RandD information.

Oba (2009) examined the relationship between corporate social responsibility and market value. The study used a multiple regression model to explain the impact of corporate social responsibility on market value of quoted conglomerates in Nigeria for the period 2001- 2006. The model used community social responsibility, human resource management, charitable contribution and firm size as independent variables in order to predict market value as represented by Tobin's Equity Q. The study showed that the independent variables have significant aggregate impact on market value. The research showed that the independent variables have significant total impact on market value. The study also disclosed an insignificant connection between community social responsibility, human resource management and market value. On the other hand, charitable contributions were found to have a negative impact on market value of quoted conglomerates while firm size was found to have a significant role in the CSR-market value relationship.

Methodology

The population for the study comprises of all six conglomerates listed in the NSE as at 31st Dec, 2016. These companies are; A.G. Leventis Nig Plc, Chellarams Plc, John Holt Plc, SCOA Nig. Plc, UACN and Transnational Corporation of Nigeria.The research design for this study is the ex- post facto design using a time series. It is a research design based on events that have already occurred. The time series uses same variables that are measured and the measurements are taken at different points in time. The time series is used because according to Collis and Hussey (2003), it enables the researcher to quantitatively examine changing processes within a social, economic and political background.

To determine the study sample, the researcher used a four -point filter. First, for any firm to qualify as a member of the sample it must have been in operation between the periods 2012 -2016, must not have been being delisted on the Nigerian Stock Exchange within the study period, must have their reports up to date and must have adopted IFRS reporting standards in preparing its 2012 annual reports. On applying the four filters, all the listed conglomerates except Chellarams PLC, John Holt PLC and SCOA Nig PLC met the requirements and therefore the other three conglomerates (AG Leventis, Transcorp and UACN) constitute the sample of the study.

Measures of Variables

In this research, voluntary disclosure refers to the disclosure of non-financial information in the annual reports of a firm as it relates to accounting policies and corporate governance. Measuring voluntary disclosure is usually based on a self-constructed disclosure index which is widely used in collecting data to measure the extent of disclosed information in annual reports. This method is widely seen in disclosure literature such as Chow and Wong-Boren (1987), Raffournier (1995), Meek, Robert and Gray (1995), Inchausti (1997) etc. The checklist consist of twenty seven items as expressed by Abdallah(2014) though some items were eliminated while others were specifically chosen by the researcher and then the items were grouped. A scoring sheet for each annual report was prepared. Each disclosure item was unweighted in the index, consistent with Cooke (1989), Owusu- Ansah (1998).This is because the unweighted method assumes that all information items are perceived to be equally important to all user groups. Consequently, to quantify the amount of voluntary disclosure a binary coding scheme was utilized in which the appearance of each disclosure item scores one (1) point and the non-appearance of each disclosure item scores zero (0) point. Subsequently, one point was designated to each of the 27 disclosure items that the companies provide through their yearly reports, whereas each firm could achieve a maximum of 24 points.

Table 1: Voluntary Disclosure Index

Items	**1: Accounting Policies**
1	Accounting Valuation of fixed assets (e.g., fair value or historical cost)
2	The depreciation methods used
3	Foreign currency transactions, translation and differences treatment
4	Events after the balance sheet date
5	Disclosure of accounting standards used
6	Statements of compliance with approved IFRS/IASs
7	Treatment of Tax
8	Treatment of contingent liabilities.
	2: Corporate Governance
9	Chairman of the board identified
10	List of board members
11	Disclosure information on board members' qualifications and experience
12	Duties of board of members
13	List of senior managers (not on the board of members)/ senior management structure
14	Disclosure information on senior managers' qualifications and experience
15	Managers' engagement/directorship of other companies
16	Picture of all senior managers/ board of members
17	Picture of chairperson
18	Information about changes in board members
19	Classification of managers as executive or outsider
20	Details of senior managers and board of members remuneration
21	Statement of percentage of total shares of 20 largest shareholders
22	A review of shareholders by type
23	Number of shares held by managers
24	Company policy on employee training
25	Number of board of members meetings held and date
26	List of audit committee
27	Chairman's statement

TobinQ: is calculated as the ratio of stock market value to the total assets of the firm.

Nature and Sources of Data

Secondary data would be utilized. Relevant data will be extracted from the firms via the NSE fact books for the relevant periods under this study and the websites of the firms studied.

Model Specification

First, the functional expression of the model is

Y = f(x1, x2)

Where Y = dependent variables

x1, x2 = independent variables

Therefore;

TQ = f (AP, IG) ………………..……..i

The mathematical form is expressed as y = a+bx. Thus, the following three models are specified for the mathematical model

TQ = a + b (AP)……………………… ii

TQ = a + b (IG) …………..................iii

We further expand equations ii and iii to form an econometric model below

$TQ = \beta_o + \beta_1 AP + \beta_2 CG + e_t$ ……… iv

Where;

TQ = Tobin Q

AP = Accounting Policy

IG = Information on Governance

β_o = Constant term

$\beta_1\beta_2$ = Coefficient of the parameter estimates

e = Error term

$_t$ = Period of time

From the above models, the prior expectation is that an increase in

AP to increase TQ

CG to increase TQ

Data Analysis

Descriptive statistics, Pearson correlation, and multiple regressions of ordinary least square are used to analyze the data.

Test of Hypotheses

Hypotheses 1: Accounting Policies has no significant relationship with TobinQ of Conglomerates in Nigeria.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476[a]	.226	.167	.07774
a. Predictors: (Constant), Accounting Policies				

Table 3 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.023	1	.023	3.799	.073[b]
	Residual	.079	13	.006		
	Total	.102	14			
a. Dependent Variable: Tobin Q						
b. Predictors: (Constant), Accounting Policies						

Table 4 Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.093	.327		3.342	.005
	Accounting Policies	-.007	.003	-.476	-1.949	.073
a. Dependent Variable: Tobin Q						

Judging from the regression tables (Tables 2, 3 & 4) above, accounting policies (beta = -.476 t= -1.949 sig.= .073) has an inverse relationship with TobinQ and was not significant at 0.05% level. The null hypothesis was accepted. The study concluded that Accounting Policies has no significant relationship with TobinQ of Conglomerates in Nigeria.

Hypotheses 2: Information on Governance has no significant relationship with TobinQ of Conglomerates in Nigeria.

Table 5 Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.023[a]	.001	-.076	.08835
a. Predictors: (Constant), Information on Governance				

Table 6 ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.000	1	.000	.007	.935[b]
	Residual	.101	13	.008		
	Total	.102	14			
a. Dependent Variable: Tobin Q						
b. Predictors: (Constant), Information on Governance						

Table 7 Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.514	.689		.746	.469
	Information on Governance	-.001	.008	-.023	-.083	.935
a. Dependent Variable: Tobin Q						

The result indicated from Tables 5, 6 and 7 that information on Governance (beta = -.023 t = -.083 sig. = .935) negatively and insignificantly affect TobinQ because the 0.935 is greater than 0.05% significant level. The null hypothesis was accepted. The study finalizes that information on Governance has no significant relationship with TobinQ of Conglomerates in Nigeria.

Discussion of Findings

This research work shows similar results with Oba (2009) who carried out a research on the relationship between corporate social responsibility and market value agrees also with this research. He concluded that human resource management as a proxy of corporate social responsibility which is also a variable of voluntary disclosure has no significant relationship with TobinQ. Barako (2007) researched on the determinants of voluntary disclosures in Kenyan companies annual reports and came to a conclusion that no link exists between organizations' disclosures and their financial performance.

Conclusion

From the hypotheses tested, the results showed:

1. Accounting Policies has no significant relationship with TobinQ of Conglomerates in Nigeria.
2. Information on Governance has no significant relationship with TobinQ of Conglomerates in Nigeria

The findings revealed that there was no significant relationship between voluntary disclosure and firm value of quoted conglomerates in Nigeria.

Recommendations

1. Voluntary disclosure of non-financial items as used in this research (such as accounting policies and information on governance) seems to have no effect on firm value, other voluntary disclosure items that have financial values should be considered.
2. Since an increase in firm value of conglomerates is not necessarily determined by voluntary disclosure, conglomerates should pay attention to other factors that would greatly affect either positively or negatively their value and help them maximize shareholders' wealth. Such factors may include research and development intensity (technology), firm characteristics (image, size etc.), ownership concentration etc.
3. The government should liaise with the private sector by encouraging them to focus on activities that would improve their firm value.

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