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Financial Performance, a Driver for Information Voluntary Disclosure: Insight from Manufacturing Companies in Nigeria

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Author's contribution

This work was carried out in collaboration among all authors. Author OOC designed the study, wrote the protocol and drafted out the work. Author OW managed the literature review section whereas author OCI did the analysis of the data used for the study. Author OCE did the conclusion of the study. All authors read and approved the final manuscript.

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ABSTRACT

The prevailing issues surrounding voluntary disclosure is corporate failure, fraud perpetration, information asymmetry and inability to attract much investment. Companies with high financial performance tend to disclosure more information in their annual report by way of showcasing their superiority over less performing companies. In the light of the above, the study sought to ascertain the effect of financial performance on voluntary disclosure of quoted manufacturing companies in Nigeria as at 1st January, 2019. Expo facto research design was adopted and secondary data were extracted from the annual report of nineteen (19) manufacturing companies for a period of ten years (2008-2019). The analysis of the study was done using STATA software to run the descriptive and inferential statistics (multivariate regression analysis). The result depicted an insignificant effect between financial performance and market competition information voluntary disclosure (MCIVD), and also a significant effect between financial performance and human capital information voluntary disclosure (HCIVD). Return on asset showed a negative but significant effect, liquidity a negative but insignificant effect, and market capitalization a positive but insignificant effect on MCIVD. Whereas Return on asset showed a negative but significant effect, liquidity and market

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capitalization a positive but insignificant effect on HCIVD. The study recommends that management should boost their market capitalization to have more market competition information voluntary disclosure. Also, management should strive towards improving the LQ and MCAP of manufacturing companies in Nigeria. This in turn will help to meet up the need of employees in having more voluntary human capital information disclosure.

Keywords: Return on asset; liquidity; market capitalization; market competition information voluntary disclosure; human capital information voluntary disclosure.

1. INTRODUCTION

The yearning for more information to be disclosed in the annual report of manufacturing companies is still of concern to various stakeholders. Making available sufficient information for the sake of a better investment decision is the essence of every disclosure requirement to curb the uncertainties that surround company reports and a better understanding of the company can be discerned upon [1].

It is expected that the annual reports and accounts of organisations should contain full and timely disclosure of information to enable the goal of wealth maximization to be achieved by managers of organisations [2]. As a result of the inadequate and poor disclosure of information by manufacturing companies, there has been a gap between the information relevant to interested parties and the actual information manufacturing company's disclose in their annual reports. It is expedient for companies to provide information, both financial and non-financial, to meet the needs of various stakeholders [3]. Mandatory disclosures involve information disclosure which is based on the requirements of accounting standards such as international financial reporting standard (IFRS) and the expectations of a country's regulatory authorities like Security and Exchange Commission (SEC), Companies and Allied Matters Act (CAMA) for Nigeria [4]. The annual report of corporate entities was known to contain just mandatory information which is disclosed to the public many years ago.

Mandatory disclosures in a firm's annual report generally covers activities of a financial nature such as financial statements and notes to the account, and these information requirements are regulated and enforced by company law or the relevant accounting standards adopted by the country in which the firm operates [5]. However, the call for more information to be disclosed in corporate entity's annual report has led to having more voluntary information disclosed in the report of corporate entities. In a quest to ensure an effective disclosure in the annual report and financial statements of organisations, the International accounting standard board (IASB) disclosure initiative in 2013 was formed. At the initial stage, it was observed that there existed an overload of information disclosure in the annual report and financial statement which was a burden to the preparers and various stakeholders question if all the information were really useful and relevant [6]. Prior to the adoption of IFRS, the accounting practices of Nigeria were regulated by the local and international standards such as statement of accounting standard (SAS). However, it was as a result of inappreciable compliance level of the SAS by organizations in Nigeria and also by World Bank recommendation in 2011 that Nigeria had to drop its local SAS and adopt IFRS [7]. Ofoegbu and Odoemelam [8] pointed out that the adoption of IFRS in Nigeria was as a result of the poor level and lack of adequate disclosure of information which was observed prior to its adoption. However there still remain concern about the inadequate presentation and disclosure of information of corporate entities considering the expectations of the public from disclosure that accompanies the adoption of IFRS by most countries.

In recent time, the extent of information found in the annual report has been some of the issues facing the reporting style of companies.

There are however some top corporate entities in the developing economies who experienced fraudulent and corporate scandals such as Worldcom and Enron in the US, and Cadbury in Nigeria, and also the global financial crisis of 2008 that negatively affected the economies of the world. Every one of the scandals are believed to be linked directly to audit and accounting misinformation, and also failure to voluntarily disclose information in the company reports to drive an informed decision by shareholders [9].

Voluntary disclosure is also limited by costs surrounding obtaining, processing and auditing of company data.

Corporate disclosure of financial information became an important issue in Nigeria following the global financial crisis of 2008. Voluntary disclosure of information is very pertinent to stakeholders of an organization but it has been noted that quite some companies in Nigeria do not engage in adequate voluntary disclosure of information. Most companies comply with the mandatory disclosure requirements and end it there. This should not be the case [1].

Companies which attain very good performance level and invariably having nothing to hide is a possible reason to expect a better disclosure practice to various stakeholders in order to attract more investment from them and boost their stock market valuation [1].

There are various research conducted on financial performance and its effect on information voluntary disclosure. Hieu and Lan [10] carried out a research on the factors which drive the extent of voluntary disclosure. The study was based on Vietnamese listed companies and Leverage was used as a proxy for financial performance. Dima et al. [11] studied the determinants of human capital voluntary disclosure. The work focused on Lebanese banks. Anifowose et al. [12] investigated the possible determinants of human capital disclosure in Nigeria. Return on asset was the only proxy for financial performance. Gustavo et al. [13] studied the effect of financial performance on human resource information. The study focused on companies in brazil and turnover, earnings before interest and tax, depreciation and amortization was used as measures of financial performance.

To fill in the existing gap, the study focused on manufacturing companies in Nigeria alone and used market competition information voluntary disclosure as there has been less focus on this aspect of disclosure. It also made use of market capitalization most especially as an explanatory variable and measure of financial performance against market competition information voluntary disclosure and human capital information voluntary disclosure.

1.1 Objective of the Study

The broad objective the study decided to look into was to determine financial performance and its effect on information voluntary disclosure of quoted manufacturing companies in Nigeria.

Below are the narrow objectives;

1. To evaluate financial performance and its effect on market competition information voluntary disclosure of quoted manufacturing companies in Nigeria.
2. To discover financial performance and its effect on human capital information voluntary disclosure of quoted manufacturing companies in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Financial performance

The finance of a firm is usually the yardstick through which a firm's performance is being assessed and judged. The annual report and financial statement conveys the performance of a company and other achievements through the disclosure of information pertaining to it.

The performance of firms is characterised either by quantitative or qualitative performance measures. The utilization of a company's resources by the managers to enhance its value is the best way to view its financial performance [2].

Jouirou and Chenguel [14] noted that the highly performing firms usually have more information disclosure to inform the public about their performance and thereby increasing the confidence of the investors and also resolving the problem associated with information asymmetry.

There are several measures of financial performance but this study is limited to return on asset, liquidity and market capitalization.

2.1.2 Market capitalization

A company's capitalization is the product of its number of issued shares and the price of the shares. The aggregate capitalizations of companies listed on the stock market is equivalent to the value of the stock market's total capitalization [15].

Market capitalization, which is a market based measure, reflects the company's aggregate stock value (Ordinary shares).

The earnings of a company which reflect its efficient performance leads to a better market capitalization valuation [16].

For the purpose of this study, market capitalization is being calculated by the product of share price and total number of shares.

2.1.3 Return on asset

Return on asset measures a company's profitability vis-à-vis its total assets.

The ratio is computed by dividing company's profit by its total assets. It also reflects the management's effectiveness in making profit from the assets at its disposal.

Nwaobia et al. [17] stated that return on asset is a ratio which measures the efficiency of management in utilizing its assets to generate income and by so doing, increase the cashflow of the organisation. It shows the rate of return realised from all assets for the period under study [18].

ROA is a widely used measure of financial performance because of its adaptability and simplicity.

It enables a company to be aware of its income in terms of the return from asset and also gives a clear picture of the company's effectiveness. It also assists mangers in decision making as regards profit maximization.

$$\text{ROA} = \frac{\text{Profit before interest and tax}}{\text{Total Asset}}$$

2.1.4 Liquidity

Liquidity is the measure of the firm's ability to meet up with its current obligations. Liquidity is one of the financial performance tools used to measure a company's credit standing.

According to Waswa et al. [19], liquidity is a short-term issue which is as a result of incidental liabilities and funding of long-term liabilities that causes a negative effect on a company's financial performance.

Companies that possess a high level of liquidity have a high tendency to disclose more information in their company report to show their superiority over other companies to investors and other regulatory bodies that they are able to continue in operational existence [20,21].

Liquidity does not only help companies to ensure that they have a good cash supply position, but also a tool which managers use to assess the present and future financial state of the company [22].

Current ratio is the commonly used indicator of liquidity which is derived by calculating the ratio of current assets is to current liabilities. Acid-test ratio is also another measure of liquidity which only considers the proportion of highly liquid assets against the current liabilities. It takes cognizance of the current assets that can easily be converted to cash such as cash and its equivalent, account receivables and marketable securities [23].

Liquidity involves managing the current assets and liabilities of a firm in a way to avoid the problem of not able to meet up present obligations [24].

For the purpose of this study, current ratio is used a measure of liquidity.

$$\text{Liquidity (Current asset)} = \frac{\text{Current asset}}{\text{Current liability}}$$

2.1.5 Voluntary disclosure

According to Musyoka [25], disclosure is the provision of useful and timely information targeted towards transparency and a clearer picture of the company in terms of financial performance and governance.

The quality and sufficiency of information disclosed in a company report differ from country to country, and also from company to company.

Having so much disclosure attracts a lot of attention from the public and hence increase the investors' confidence which explains the reasoning behind companies striving to achieve maximum disclosure [26].

Voluntary disclosure is the provision of information in the annual report by management's discretion beyond the mandatory requirements, which is usually stipulated by

International Accounting Standards and other relevant regulatory bodies.

Information which is voluntary in nature is adhered to by several companies, but the type and extent of the disclosure varies by industry, company size, geographical region, ownership and corporate governance structure in particular, as research findings have depicted that top executives usually influence the information voluntary disclosure significantly. Also, managers usually have their own style of disclosing information, which is a function of their background, talking about their experience and career pathway [9].

The amount of information disclosed in the annual report is affected by such factors as attitudinal societal changes, behavioural and economic factors, corporate cultural practice in an organization. Checklist of voluntary disclosure information can be categorised into historical items, present and predictive items, regarding past, present and or forecasted company performance [27].

However, it can be debated theoretically that having more information disclosure will lessen the agency problems and information asymmetry that companies usually face, and also fraud perpetration and manipulation by those entrusted with governance of the company [28].

Mutiva et al. [29] submitted that the seemed inadequacy in financial reporting practice which shareholders and other investors perceived is actually was led to the emergence of voluntary disclosure.

Voluntary disclosure may consist of categories such as market competition information voluntary disclosure and human capital information voluntary disclosure. The market competition information voluntary disclosure entails information such as market share, market growth forecast, share market growth forecast, dimension of market, whereas human capital information voluntary disclosure entails information such as description of workforce, recruitment policy, training, employee retention rate [30].

2.2 Theoretical Framework

The study is hinged on signaling theory which was propounded in 1973 by Michael Spence. As regards the study, signaling theory is saying that profitable firms tend to have more information disclosed publicly to distinguish themselves from less profitable firms [20,21]. Increased financial performance will lead to having more information discretionarily disclosed in company's annual reports, other than the statutory ones, which will help to signal to the public about the affairs of the company. Mutiva et al. [29] opined that in trying to distinguish between two or more firms, the highly performing one will signal more to investors and other stakeholders to be able to get their attention towards the company.

2.3 Empirical Review

Financial performance and voluntary disclosure has been a subject of discussion of recent. Several researchers have studied the relationship and effect of financial performance on voluntary disclosure.

Hieu and Lan [10] examined the factors which influence the extent of voluntary disclosure. Secondary data was obtained from annual reports of 205 industrial and manufacturing listed companies in Vietnam for the year 2012. A checklist of 14-item information disclosure was developed and used to measure marketing information disclosure. The result revealed an insignificant positive effect between ROA and marketing information disclosure.

Modugu and Eboigbe [20,21] investigated the determinants of corporate disclosure level of companies in Nigeria. Secondary data was obtained from sixty (60) companies on the Nigeria stock exchange for a period of three years (2012-2014). Using the OLS regression method, the result indicated a positive and significant effect between leverage and voluntary disclosure.

Abeywardana and Panditharathna [31] investigated voluntary disclosure and what determines the information in the annual reports. Secondary data were obtained from listed financial companies of Sri-Lanka for a period of 4 years (2012-2015). A disclosure of 83 items of information was developed and used. The result indicated that ROA having a significant positive effect with voluntary disclosure.

Habbash et al. [32] investigated the determinants of voluntary disclosure. Secondary data was obtained from companies listed in the stock exchange of Saudi Arabia for a period of 5 years (2007-2011). A disclosure list of 54 items of information were used and the result indicated a positive effect between profitability and voluntary disclosure.

Dima et al. [11] studied the determinants of human capital voluntary disclosure in Lebanese commercial banks. Secondary data was collected from annual report of 16 commercial Lebanese banks for a period of 3 years (2015-2017). The study made use of regression analysis to uncover financial performance and its possible effect on human capital voluntary disclosure. A checklist of 25-item information disclosure was developed and used to measure human capital disclosure. The findings of the study depicted a negative and insignificant effect between financial performance and human capital voluntary disclosure.

Anifowose et al. [12] examined the possible human capital disclosure determinants among listed firms in Nigeria. Secondary data was obtained from the annual reports of firms for a period of 3 years (2012-2014). The study made use of longitudinal panel regression. A checklist involving 24-item information disclosure was developed and used to measure human capital disclosure. The study found an insignificant negative effect between ROA and human capital voluntary disclosure.

Gustavo et al. [13] studied financial performance and human resource information disclosure. Secondary data was obtained from the annual report of companies in Brazil. The statistical technique of multiple regression was used to assist in the analysis of data. A checklist of 16-item information disclosure was developed and used to measure human capital disclosure. The result depicted a positive and insignificant effect between financial performance and information disclosure on human resources.

Tamara [33] investigated the determinants of voluntary disclosure of employee information in the annual report. Secondary data was obtained from the annual report of 970 publicly listed companies in Australian securities exchange as at 2004. A disclosure index containing 9 items of information was developed and used to measure human capital disclosure. Multivariate regression was employed to find out the effect of the variables. The result showed that Tobin’s Q has a negative effect, while ROA has a positive effect with voluntary disclosure of employee information.

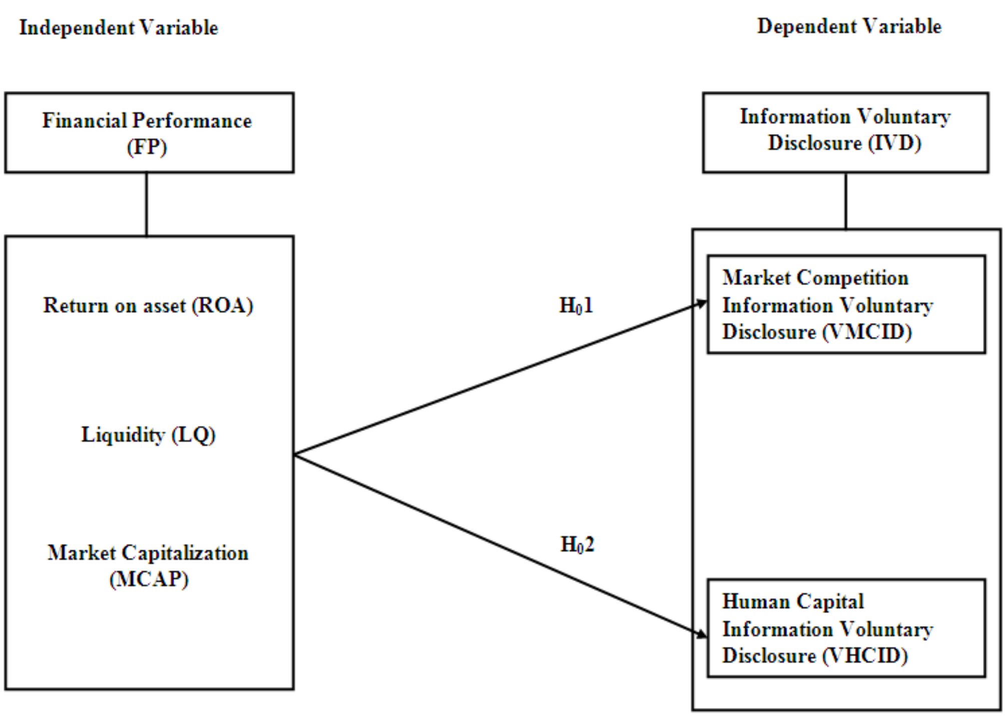

Fig. 1. Conceptual model for financial performance and voluntary disclosure
Source: Researcher’s conceptual model (2020)

As regards the above empirical studies on financial performance and its effect on voluntary disclosure, the following hypotheses were formulated:

$H_0$1: Financial performance has no significant effect on market competition information voluntary disclosure of quoted manufacturing firms in Nigeria.

$H_0$2: Financial performance has no significant effect on human capital information voluntary disclosure of quoted manufacturing firms in Nigeria.

3. METHODOLOGY

The study sought to ascertain financial performance and its effect on information voluntary disclosure of quoted manufacturing firms in Nigeria. The study employed the sampling technique by Krejcie and morgan in 1970 to bring the total population (listed manufacturing companies) of 51 to 22. The sampled manufacturing companies evenly cut across the various categories of manufacturing companies in Nigeria; conglomerates, consumer goods, health care and industrial goods. However, based on the availability of data for the period of study, the study used 19 manufacturing companies out of the sampled 22. The study also adopted *ex-post facto* research design. Secondary data was used, which was extracted from the annual report of sampled manufacturing companies from the Nigerian Stock Exchange (NSE) factbook for the period of Ten years (2009-2018). The two main variables of this study are financial performance (independent variable) and information voluntary disclosure (dependent variable). Financial performance is measured by return on asset, liquidity and market capitalization. Information voluntary disclosure is measured by market competition information voluntary disclosure and human capital information voluntary disclosure. The market competition information voluntary disclosure contains an 8-item checklist whereas the human capital information voluntary disclosure contains an 8-item checklist too, both being adapted from the study of Mohamed [30]. An unweighted disclosure approach was employed to measure both checklist of items. In such situation, a company is given a score of one (1) when an item is disclosed, and zero (0) in the absence of the item disclosed.

Panel ordinary least square was used to analyze the variables to determine the effect of the independent on the dependent variable.

3.1 Variable Measurement

3.1.1 Market competition information voluntary disclosure (MCIVD)

Market competition information entails information regarding a firm's market information which indicates if a firm possesses a competitive advantage over another in the same industry. You have such information as market share, forecast of market growth, market dimension, impact of competition on profits. The whole list of information can be found in the appendix section. It also contains an 8-item checklist of market competition information which was adapted from the work of Mohamed [30]. An unweighted approach of disclosure was employed, such that an item has a score of one (1) if found in the annual report, and zero (0) if not found. The ratio is now computed and used.

3.1.2 Human capital information voluntary disclosure (HCIVD)

Human capital information refers to information pertaining to the employees and work force of a firm. You have such information as training, recruitment policy, retention rate, description of workforce, productivity indicators. The entire list of information can be found at the appendix section. It also contains an 8-item checklist of human capital information which was adapted from the work of Mohamed [30]. An unweighted approach of disclosure was employed, such that an item has a score of one (1) if found in the annual report, and zero (0) if not found. The ratio is now computed and used.

3.1.3 Return on Asset (ROA)

It measures the efficiency of management in the utilization of its assets. It measures the return from every asset invested upon.

The formula is derived thus:

$$\frac{\text{Profit before interest and tax}}{\text{Total Asset}}$$

3.1.4 Liquidity (LQ)

Liquidity measures the capability of a firm to meet up its immediate obligation. Current ratio was used and the computation is as follows:

$$\frac{\text{Current asset}}{\text{Current liability}}$$

3.1.5 Market capitalization (MCAP)

Market Capitalization also refers to as market cap refers to the value of a firm vis-à-vis its shares. It is computed by multiplying the firms outstanding shares by the share price.

3.2 Model Specification

In determining financial performance and its effect on information voluntary disclosure, the following functional relationship was derived:

MCIVD = f (ROA, LQ, MCAP) (1)

HCIVD = f (ROA, LQ, MCAP) (2)

The econometric model from the functional relationship is derived thus:

$$MCIVD = \beta_0 + \beta_1 ROA_{it} + \beta_2 LQ_{it} + \beta_3 MCAP_{it} + \mu_{it} \quad (3)$$

$$HCIVD = \beta_0 + \beta_1 ROA_{it} + \beta_2 LQ_{it} + \beta_3 MCAP_{it} + \mu_{it} \quad (4)$$

Of which;

MCIVD = Market competition information voluntary disclosure
HCIVD = Human capital information voluntary disclosure
ROA = Return on asset
LQ = Liquidity
MCAP = Market capitalization
μ = Error term
β_0 = Constant
β_1 – β_3 = Coefficient of the independent (explanatory) variables
$_{it}$ = panel data for the period under study

The study expects that independent variables to have a positive effect on the dependent variables, that is to say, having all coefficients greater than zero (0) as depicted in Table 1.

4. DATA ANALYSIS AND RESULTS

Interpretation

From the descriptive statistics reported in Table 2., ROA of the sampled listed manufacturing companies are within the range of -69.671 percent and 79.268 percent. This indicates that there is a wide gap between the minimum and maximum values of ROA, and also it varies around profit and loss for the period of study. The negative value of -69.671 implies recorded loss or losses by the manufacturing companies. The mean value of ROA of 9.553 percent means that on the average, listed manufacturing companies in Nigeria get a return from their total assets of 9.553 percent. The standard deviation of 17.338 is high compared to the mean value of 9.553, which implies a wide dispersion from the mean. It also suggests a high unpredictability.

Table 1. *A Priori* expectation

S/N	Models	Expected signs
1	$MCIVD = \beta_0 + \beta_1 ROA_{it} + \beta_2 LQ_{it} + \beta_3 MCAP_{it} + \mu_{it}$	$\beta_1 – \beta_3 > 0$
2	$HCIVD = \beta_0 + \beta_1 ROA_{it} + \beta_2 LQ_{it} + \beta_3 MCAP_{it} + \mu_{it}$	$\beta_1 – \beta_3 > 0$

Source: Researcher's Model, 2020

Table 2. Descriptive statistics

Variable	Mean	Maximum	Minimum	Standard Deviation
MCIVD	22.974	40	10	11.102
HCIVD	23.026	37.5	10	8.893
ROA	9.553	79.268	-69.671	17.337
LQ	1.257	3.24	0.07	0.620
MCAP	10.156	12.104	5.27	1.090

Source: Researcher's Computation, 2020

Liquidity (LQ) of the sampled manufacturing companies ranges between 0.068 and 3.240. This implies that liquidity differ across the period covered in the study. It also reported an average of 1.257 which implies that the manufacturing companies will be able to meet its obligation as the fall due, but then leaving out a little of its resources. The mean value of liquidity of 1.257 implies that on the average, listed manufacturing companies in Nigeria are not that highly liquid, considering the general benchmark of current ratio (2:1). The standard deviation of 0.621 is slightly lower than the mean value of 1.257, which implies a narrow dispersion from the mean. It also suggests a low unpredictability.

Market capitalization (MCAP) of the sampled manufacturing companies in Nigeria ranges from 5.267 to 12.104, which implies that MCAP of the manufacturing companies vary across the period of study. The mean value of MCAP of 10.156 implies that on the average, listed manufacturing companies in Nigeria have a market value of 10.156 (log value). The standard deviation of 1.090 is too low compared to the mean value of 10.156, which implies a wide dispersion from the mean. It also suggests a low unpredictability.

Voluntary market competition information disclosure (VMCID) of the sampled listed manufacturing companies range from 10 percent to 40 percent which implies that the voluntary market competition information disclosure of listed manufacturing companies in Nigeria varies across the time frame of the study. The reported average disclosure of 23 percent implies a low disclosure level. The standard deviation of 11.102 is low compared to the mean of 22.974, which implies a wide dispersion from the mean. This suggests a low unpredictability.

Voluntary human capital information disclosure (VHCID) of the sampled listed manufacturing companies ranges from 10 to 37.5 which implies that the voluntary human capital information disclosure of quoted manufacturing companies in Nigeria differ across the period under study. The reported average of 23 percent implies a low disclosure level. The standard deviation of 8.893 is low compared to the mean of 23.026, which implies a wide dispersion from the mean. This suggests a low unpredictability.

The result of the variance inflation factor (VIF) as presented in table 3 with ROA, LQ, MCAP having VIF values of 1.29, 1.17 and 1.33, which is lower than the threshold of 5 (Baltagi 2015), and the inverse values of 0.77, 0.85 and 0.75 is not up to 1 reveals that there is no multicollinearity issue among the variables. Also, it is an indication that the variables are not unhealthily related.

Table 3. Result of the variance inflation factor (VIF) TEST

Variables	VIF	1/VIF
ROA	1.29	0.77
LQ	1.17	0.85
MCAP	1.33	0.75
Mean VIF	1.26	

Source: Researcher's Computation, 2020

Table 4. Regression analysis

Variable	Coeff	Std Error	t-stat	Prob.	Variable	Coeff	Std Error	t-stat	Prob.
Constant	20.3158	7.6721	2.65	0.027	Constant	11.3400	5.4230	2.09	0.037
ROA	-0.0058	0.0267	-0.22	0.832	ROA	-0.0205	0.0201	-1.02	0.308
LQ	-0.6747	1.0429	-0.65	0.534	LQ	1.7515	0.5937	2.95	0.003
MCAP	0.3507	0.7481	0.47	0.650	MCAP	0.9532	0.4986	1.91	0.056
R-sq. overall = 0.0272					R-squared Overall = 0.0335				
Wald $Chi^2(3)$ = 0.57					Wald $Chi^2(3)$ = 14.36				
Prob > Chi^2 = 0.9037					Prob>Chi^2 = 0.0025*				

Dependent variable = MCIVD *Dependent variable = HCIVD*

5. DISCUSSION OF FINDINGS

Table 4 depicts the effect of financial performance on market competition information voluntary disclosure on the left side and the effect of financial performance on human capital information voluntary disclosure on the right side.

Starting with the effect of financial performance on market competition information voluntary disclosure (left side), ROA has a negative effect on VMCID, having -0.0058 as the coefficient, which means a change in ROA would lead to 0.58 percent decrease in VMCID. This finding contradict that of Hieu and Lan [10] who revealed an insignificant positive effect between ROA and voluntary market competition information disclosure. LQ has a negative effect on VMCID, having -0.6747 as its coefficient, which means a change in LQ would lead to a 67.47 decrease in VMCID. Also, MCAP with a coefficient of 0.3507 implies a change in MCAP would lead to a 35.07 increase in VMCID.

The Random effects regression analysis result, with Driscoll-Kraay Standard Errors as depicted in Table 4 also showed return on asset (ROA) (with *p-value* = 0.832>0.05), liquidity (LQ) (with *p-value* = 0.534>0.05) and market capitalization (MCAP) (with *p-value* = 0.650>0.05) all have insignificant effect on market competition information voluntary disclosure (MCIVD) of listed manufacturing companies in Nigeria. The explanatory power of ROA, LQ and MCAP combined on the VMCID as shown on Table 4 is 0.0272, which implies that 2.72 percentage change in the VMCID is as a result of the combined influence of the explanatory variables (ROA, LQ and MCAP) while the remaining 97.28 percent is caused by other determinants which were not used in this study. This shows that the combination of the explanatory variables weakly influences the voluntary market competition information disclosure (VMCID).

Also, the F-statistics result with *p-value* of 0.9037 (> 5 percent) implies that all the explanatory variables (ROA, LQ and MCAP) do not influence the dependent variable (VMCID) significantly.

Over to financial performance and its effect on human capital information voluntary disclosure (right side of the table), ROA has a negative effect on VHCID with a coefficient of -0.0205, which implies that an increase in ROA would lead to a 2.05 percent decrease in VHCID. This finding is supported by Anifowose et al. [12] who also found a negative but insignificant effect. LQ has a positive effect on VHCID with a coefficient of 1.7515, which implies that an increase in LQ would lead to a 175.15 percent increase in VHCID. This finding is supported by Gustavo et al. [13] who found a positive effect between financial performance and voluntary human capital information disclosure. MCAP has a positive effect on VHCID with a coefficient of 0.9532, which implies that an increase in MCAP would lead to a 95.32 percent decrease in VHCID.

The probabilities of the t-statistics of the regression analysis revealed that return on asset (ROA) (with *p-value* = 0.308>0.05) and market capitalization (MCAP) (with *p-value* = 0.056>0.05) have insignificant influence on VHCID, whereas liquidity (LQ) (with *p-value* = 0.003<0.05) significantly influence VHCID.

The explanatory power of ROA, LQ and MCAP combined on the VHCID (that is the coefficient of determination) as shown in Table 4 is 0.0335, which implies that 3.35 of the percentage change in the VHCID is influenced by the explanatory variables pooled together (ROA, LQ and MCAP) while the rest of the 96.65 percent is caused by other considerations not captured in the study. This implies that the explanatory variables pooled together weakly influences VHCID.

Also, the F-statistics result, with *p-value* of 0.0025 (< 5 percent), implies that all the explanatory variables (ROA, LQ and MCAP) jointly, significantly influence the dependent variable (VHCID)

5. CONCLUSION AND RECOMMENDATION

The study sought to ascertain the effect of financial performance on information voluntary disclosure. The study formulated two models looking at two different categories of information voluntary disclosure; one is market competition information voluntary disclosure and the other human capital information voluntary disclosure. With the findings got from the analysis of the secondary data obtained from quoted manufacturing firms in Nigeria, the study concludes that there is an insignificant effect between financial performance and market competition information voluntary disclosure, and a significant effect between financial performance and human capital information voluntary disclosure.

Return on asset and liquidity has an insignificant negative effect on market competition information voluntary disclosure, whereas market capitalization has an insignificant positive effect on market competition information voluntary disclosure. For human capital information voluntary disclosure, return on asset has a negative and insignificant effect, liquidity has a positive and significant effect, and market capitalization has a positive but insignificant effect.

In line with the findings, the study recommends that management should make good decisions about their company that will boost their market capitalization. This is because an increase in market capitalization would lead to an increase in voluntary market competition information disclosure voluntary disclosure. Also, employees and management should strive towards improving the LQ and MCAP of manufacturing companies in Nigeria. This in turn will help to meet up the need of employees in having more voluntary human capital information disclosure. Also, they should dwell on ROA in having more voluntary human capital information disclosure.

This study is significant to government and regulatory agencies as the would see the need to enact policies necessary to enhance the disclosure level of manufacturing companies in Nigeria in order to resolve the issue of information asymmetry. Also managers of manufacturing companies as the will find it needful to ensure more information voluntary disclosure in the annual reports of manufacturing companies.

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX

List of Voluntary Disclosure Items

S/N	Category	Voluntary disclosure items
1	Market competition (8 Items)	Identification of the principal markets
		Specific characteristics of these markets
		Dimension of the markets
		Identification of the main competitors
		Market shares
		Forecast of market growth
		Forecast of share market growth
		Impact of competition on profits
2.	Human Capital (8 items)	Description of workforce
		Description of the remuneration/ compensation system
		Recruitment policy
		Training
		Employee retention rates
		Productivity indicators
		Strategies to measure human capital
		Other measures of Human capital

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