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Introduction

This study investigates stakeholders influence on voluntary disclosure. Specifically, the study seeks to determine managers' perception of which stakeholder groups matter in their voluntary disclosure decisions. This is particularly essential in the context of developing countries like Nigeria with weak observance of the code of corporate governance leading to lack of transparency in corporate disclosure *(World Bank, 2011)*. Transparency through corporate disclosure is regarded as one of the essential pillars of corporate governance principles *(Qu & Leung, 2006; OECD, 2003)*. Therefore, in a bid to improve transparency in corporate governance, companies are seen to be providing information in such areas as strategic forecast, the company's relationship with key stakeholders, environmental and ethical issues which are considered voluntary from capital market perspective (*Schuster & O'Connel, 2006)*. Even though they are voluntary nature, these information are critical for understanding sustainability of current earnings, proper functioning of capital markets and encourage better flow of Foreign Direct Investments (FDIs) into a country *(Qu, Leung & Cooper, 2013; Qu & Leung, 2006).* In the Nigerian context, disclosure practice of publicly listed companies in the country has been adjudged be weak and inadequate overtime (*Damagum & Chima, 2013; World Bank, 2011; 2004)*.

Specifically, the companies have been reported to be providing incomplete, inaccurate and sometimes distorted information to regulatory bodies thereby, depriving investors and other stakeholders of the right information to make informed decisions *(Sanusi, 2010)*. In an effort to promote transparency in corporate disclosure, the Nigerian Government introduced the Nigerian Code of Corporate Governance in 2003 (hereafter the code). The code requires that companies should in addition to the disclosure requirements of capital market provide more information on social, ethical and environmental issues voluntarily. Even with the implementation of the code, World Bank Report on Observation of Standards and Codes (ROSC) indicate that there is limited improvement in corporate reporting practice of companies in Nigeria *(World Bank, 2011)*. This indicates that there is a need for other stakeholders to complement the efforts of regulatory bodies to ensure companies be more transparent through voluntary disclosure.

Furthermore, studies in voluntary disclosure have investigated factors such as firms' specific characteristics such as board structure, firm size, firm age, leverage, profitability and asset quality (*Bhatia & Tuli, 2017; Soliman, 2013*; *Lan, Wang & Zhang, 2012*; *Barako, 2007).* Similarly, corporate governance attributes such as ownership structure, board size, ownership structure, and auditor type and board independence have been investigated (*Damagum & Chima, 2013; Kurawa & Kabara, (2014); Oluwagbemiga, 2014; Akhtaruddin & Rouf, 2012; Barako, 2007; Eng & Mak, 2003).* Recently, the focus of scholars have shifted to the influence of stakeholders on voluntary disclosure. Studies have investigated how stakeholders affect voluntary disclosure by utilizing secondary data from financial reports (*Thijssen, Bollen & Hassink, 2015; Oliveira, Rodrigues & Craig, 2013; Qu et al., 2013).* Though such approach provides insights into how stakeholders influence voluntary disclosure it does not take into consideration managers' perception of which stakeholder group matters. Additionally, there seems to be limited literature on voluntary disclosure utilising stakeholder theory in Nigeria context. This study is sets to fill this knowledge gap by empirically investigating the relationship between stakeholder attributes and voluntary disclosure practice of companies in Nigeria taking managers' perception into consideration from the theoretical lense of stakeholder salience theory. The rest of the paper is structured as follows:

Next section looks at the theoretical framework, this is followed by literature review and hypothesis development, then methodology, results, discussion and conclusion.

Theoretical framework

The study is anchored in stakeholders' theory**.** Since the publication of Freeman (1984), there has been a growing recognition of the importance of stakeholders in many strategic decision of the firm. *Freeman (1984)* defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives". The theoretical debate among scholars is whether firms should pay attention to all stakeholders equally as a moral duty or focus on some group of stakeholders? This debate has led to the emergence of two branches of stakeholders' theory (normative or ethical and managerial or positive branch).

Under the normative branch, management has a fiduciary relationship with all stakeholders as such should endeavour to treat every stakeholder equally as an ethical responsibility for the optimal benefit of both the firm and its stakeholders *(Freeman, 1984)*. Using the ethical branch, voluntary disclosures are made in order to be accountable to diverse interests groups without exception.

The managerial branch on the other hand believes that given resource and time constrain, it is practically impossible for managers to satisfy the claims of an unlimited list of stakeholders. Therefore, managers should pay attention to a limited group of stakeholders who are critical for the attainment of organizational goals *(Ullman, 1985)*. The bases of selecting stakeholders that matter were proposed by the concept of stakeholder salience (*Mitchell, Angle & Wood, 1997).* Stakeholders' salience and identification theory describe the characteristics of stakeholders that can be combined to give greater influence on management decisions. Stakeholder salience is defined as, the degree to which a particular stakeholder has three attributes: power, legitimacy, and urgency *(Mitchell et al.; 1997).* Stakeholder power is the ability of a stakeholder group to influence firms' decisions on the bases of control of resources (financial or otherwise) needed by the firm for its survival. legitimacy as ''A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions''. Urgency refers to ''the degree to which stakeholder claims call for immediate attention'', on the basis of time sensitivity or criticality *(Mitchell et al. 1997)*. Therefore, stakeholder theory suggest that organisations will respond to the concern and expectation of powerful stakeholders and some respond will be in the form of strategic disclosure *(Dibia & Onwuchekwa, 2015)*. This study is guided by the managerial branch of stakeholders' theory due to the fact that it provides a practical base for understanding who and what matters to managers in stakeholders' management.

Literature review

Regulatory Framework for Corporate Disclosure Practice in Nigeria.

The legal document guiding formation, registration, company proceedings and protection of minority interest is the Companies and Allied Matters Act (CAMA), 2004 issued by the Corporate Affairs Commission (CAC) which is regarded as the registrar of companies. The Securities and Exchange Commission (SEC) is the apex regulatory body in the Nigerian capital market. Companies that are listed on the Nigerian Stock Exchange (NSE) are required by the law to comply fully with the provisions of CAMA, (2004) and Investment and Securities Act (2007). The Financial Reporting council (FRC) of Nigeria which was established by the FRC act (2011) issues accounting standards required to be observed in the preparation and presentation of financial reports. In an effort to improve the corporate governance practices and enhance financial reporting transparency, the Code of Corporate Governance (2003) was revised in 2008 and 2011. Publicly listed firms are expected to comply with the requirements of the code or explain thereby making compliance voluntary. In addition, the regulators in the financial sector of the Nigerian financial sector have issued separate codes of corporate governance which are only applicable to companies operating in the financial sector due to the high risk these institutions faced. These are the Central Bank of Nigeria (CBN) Code of Corporate Governance 2006, Pension Commission Code, 2008 and the national Insurance Commission Code, 2009.

The Concept of Voluntary Disclosure

In stakeholders' management efforts, firms employ different channels such as websites, newsletters, the media and the annual reports to communicate with stakeholders. Voluntary disclosures have traditionally been regarded as the single-most comprehensive source of reporting related to stakeholder engagement initiatives undertaken by organizations *(Boesso & Kumar, 2009).*Voluntary disclosure has been variously defined by different writers as information made public at the discretion of corporations *(Akhtaruddin & Rouf, 2012)*. It is also seen as reporting information outside the financial statements, which is not explicitly ruled through norms or laws, *(Hassan & Marston, 2010)*. In this study therefore, voluntary disclosure is considered as any release of information which is primarily outside the requirements of International Financial Reporting Standards (IFRSs) or required by company law following the position of the Financial Accounting Standards Board *(FASB, 2001)*. Consequently, corporate disclosure in such areas as management strategic forecast, environmental impact assessment, relationship with stakeholders and ethical issues are considered voluntary for the purpose of this study. Empirically, scholars have investigated factors determining voluntary disclosure practices by firms from diverse perspectives.

Empirical studies on Voluntary Disclosure

Prior studies have explained voluntary mostly from the theoretical lenses of agency theory hence, much emphasis have been on corporate governance constructs and firm specific characteristics such as government ownership, board size, leadership structure, audit committee size, board independence, ownership structure, auditor type and board committee expertise, firm size, industry category, profitability and liquidity *(Alfraih & Almuwata,2017; Albawat, Ali-basah, , 2015; Ntim & Soobaroyen, 2013; Soliman, 2013; Akhtaruddin & Rouf, 2012; Akharuddin, Hossain, Hossain & Yao, 2009; Barako, Hancock, & Izan, 2006; Eng &*

*Mak, 2003).*These studies have so far documented mixed evidence of relationship between corporate governance variables, firm's characteristics and voluntary disclosure. Recently, a limited number of scholars have used stakeholder theory to explain voluntary disclosure.

Stakeholder Attributes and Voluntary Disclosure

The importance of stakeholders' attributes is acknowledged by researchers (Mitchell et *al.* 1997; Donaldson & Preston, 1995 and Clarkson, 1995) as having influence on firms' disclosure decision. For example *Dincer (2011)* investigated possible effects of the ownership structure on Corporate Social Responsibility Reporting concluded that, government and creditors are significant in influencing CRS in Istanbul. In the same vein *Oliveira, Rodrigues and Craig (2013)* found that the stakeholder groups influencing voluntary disclosure of intellectual capital are minority shareholders, creditors, employees and consumers. *Boesso and Kumar (2009)* indicated that the greater the priority management accord to a stakeholder group, the greater the level information voluntarily disclosed in the annual reports to meet the need of such a stakeholder group. Other studies provide evidence to support stakeholders' salience theory constructs such as power, urgency and legitimacy (*Thijssens, Bollen & Hassink, 2015; Oliveira, Rodrigues & Craig, 2013; Qu & leung, 2013)*. The idea is that firms are likely to attend to the information needs of stakeholder groups who control critical resources needed by the firm for survival. In this regards, the level of corporate information voluntarily released by companies to meet the need of stakeholders vary based on management perception of which stakeholder group is critical for the firm's goal attainment.

In this regard, Thijssens et al (2015) using archival data from 199 international companies, they found that the level of voluntary disclosure is associated with environmental stakeholders' legitimacy. But power and urgency have indirect effect as their effect is been felt through legitimacy management attached to environmental NGOs. On the other hand, *Boesso and Kumar (2009)* documented that in the case of USA and Italian companies, the degree of power and urgency management attached to a group of stakeholders determine the level at which they meet the claims of such stakeholders. Similarly, *Qu et al (2012)* study indicates that, different stakeholder groups exert different degrees of influence on Chinese firms' decision making in respect of voluntary disclosure. Additionally, *Oliveira et al (2013),* observed that the level and pattern of voluntary disclosure by Portuguese companies is influenced strongly by the power of minority shareholders, creditors, consumer proximity, employees, the intensity of the holding of intangibles in the industry in which a company is located, and managerial board ownership**.**

These studies have provided explain voluntary disclosure using theoretical lenses of stakeholder salience theory *(Mitchell, et al., 1997)*. However, apart from the work of *Boesso and Kumar (2009)* most researchers used archival data from annual reports and so far have not provided sufficiency explanation from the perspective of managers. Furthermore, *Boesso and Kumar (2009)* focused on USA and Italian companies therefore, the association between managers' perception with regards to the attributes of stakeholders that counts in their voluntary disclosure decision in the context of developing country seems to be elusive in the disclosure literature. Most developing countries like Nigeria have weak tradition for investor and consumer protection coupled with low sophistication of most stakeholders *(Sanusi, 2010).* As such most companies are focus on information to meet the needs of stakeholders who have the power influence management decision on the basis of control of resources, urgency of needs as well as the perceived appropriateness of information claims of such stakeholders.

Stakeholders' Power and voluntary disclosure

The concept of stakeholders' power relates to the ability of a stakeholder group to influence managerial decision. In the stakeholder literature, control of critical resources such as finance and labour gives a stakeholder group power to influence managerial decision (Mitchell et al., 1997). In the disclosure literature empirical evidence suggest that stakeholders who control resources are able to get their information needs made. For example, Dincer (2011) who found that investors and creditors are significant in influencing Corporate Social Responsibility disclosure. Similarly, Oliveira, Rodrigues and Craig (2013) and kateb (2014) found that minority shareholders, creditors, employees and consumer groups are significant in influencing voluntary disclosure of intellectual capital. Additionally, Thijssens, Bollen and Hassink (2015) and Boesso and Kumar (2009) found that the greater the power management accord to a stakeholder group, the greater the level information voluntarily disclosed in the annual reports to meet the need of such a stakeholder group. In the same vein, Qu et al (2012) found that different stakeholder groups exert different degree of influence on firms' decision making in respect of information voluntarily disclosed. It can therefore be concluded from the forgoing that there is a relationship between stakeholders' power and voluntary disclosure. Though these studies provide understanding of the association between stakeholders' power and voluntary disclosure, most of the studies have focused on content analysis of financial statement to measure stakeholders' power. This approach does not provide sufficient understanding from the perception of the preparers of the financial statement. This study therefore, takes into account managers' perception of which stakeholders group matters in their voluntary disclosure practices on the bases of ability to reward or punish economically. Therefore, based on this, theoretical proposition of stakeholder salience theory and empirical literature above, this study hypothesized thus:

H1: Managers' perception of stakeholders' power is positively associated with voluntary disclosure practices of listed firms in Nigeria.

Stakeholders' urgency and voluntary disclosure

The concept of stakeholders' urgency is understood on the bases how quick management is likely to respond to the claims of a stakeholders group. Mitchell et al. (1997) define stakeholders' urgency as "the degree to which stakeholder claims call for immediate attention. Urgency is understood on the bases of both time sensitivity (the degree to which managerial delay is unacceptable to the stakeholder) and criticality (the importance of the claim to the stakeholder). This definition of urgency seems to relate more directly to the likelihood of a stakeholder taking action (Eesley & Lenox, 2005). In most cases however, it is difficult to find stakeholders taking actions to will make firms response to their information needs as a matter of urgency. Theoretically, Mitchell, Agle, and Wood (1997) propose that the urgency of a stakeholder group will positively influence outcomes. Subsequent empirical work established relationship between (Agle, Mitchell, & Sonnenfeld, 1999; Thijssen et al., 2015)

These empirical evidences of the relationship between urgency and corporate disclosure mostly focused on advanced countries with strong institutional environment. In the context of developing countries like Nigeria with weak institutional environment, there appears to be limited empirical evidence of such relationship. In the Nigerian context it is expected that the relationship between stakeholders' urgency of needs and voluntary disclosure practices of firms shall be positive. This is based on the recent development in the Nigerian business environment such as the passage of the Freedom of Information Bill {FIB} (2003). It is expected therefore, that stakeholders will have greater impetus to demand companies respond to their information claims on time. It is also expected that this will enable other stakeholder groups such as community pressure groups, NGOs, financial community, research community and employees to complement regulatory agencies by exerting greater pressure on companies to respond promptly to the information needs of various stakeholders. Therefore, based on the prescription of stakeholder salience, and empirical evidence, this study hypothesizes thus:

H2: When managers' perceive that the information needs of primary stakeholders need urgent attention, they are likely to provide voluntary information timely.

Stakeholders' legitimacy and voluntary disclosure

In the Nigerian business environment, there are many regulatory provisions that aim to guide businesses in the country. However, there is weak enforcement of such regulatory provisions *(World Bank, 2011).* Furthermore Nigeria does not have tradition of consumer activism or investor protection due to lack of consumer and investor sophistication *(Sanusi, 2010).* Given the lack sophistication of many stakeholder groups, it is expected that voluntary disclosure practices by firms will be driven by managers' perception of which stakeholder group information is appropriate and critical. Empirical evidence suggests that there is a positive association between stakeholders' legitimacy and voluntary disclosure *(Thijssens, et al., 2013; Boesso & Kumar, 2009)*. For example, Thijssen et al (2015) documented that legitimacy with which firms attached to environmental NGOs has significant influence on CSR disclosure practices of listed firms in the United States of America. Similar, a number of empirical studies suggest that legitimacy is associated with corporate disclosure *(Griffin, Bryant and Kerber, 2015; Tsang, 2001; Ogden & Clarkse, 2005; Lightstone & Driscoll, 2008).* These studies however, really on content analysis of financial reports. Hence, have not provided sufficient evidence from managerial perspective. Therefore, based on the prescription of stakeholder salience, and empirical support, this study hypothesizes thus:

H3: There is positive relationship between managers' perception of stakeholder legitimacy and voluntary disclosure practice by listed firms in Nigeria.

Methodology

Research Design, population and sample size

This study employed a cross sectional survey design to examine the relationship between the stakeholder attributes and voluntary disclosure. The study population comprises of 192 listed firms on the Nigerian Stock Exchange as at December 2016. A sample size of 129 firms was selected using *Krejcie and Morgan (1970)* sample size determination table.

Sampling Design and Procedure

The sampling technique employed in the study is area sampling. Following *Blumberg, Schindler and Cooper (2014),* area sampling was found suitable for the study due to the clustered nature of the population with over 80% concentration in Lagos. Unit of analysis is at firms' level while the unit of enquiry includes heads of units and managers. A total of 129 firms were targeted for the study based on the sample size computed. 108 firms were surveyed through personal administration of questionnaire. A total of 195 valid responses were retrieved. These responses were aggregated at firms' level using a firm identity as a breaking variable. This gives a total of 92 firms that participated in the survey.

Operationalisation and Measurement of variables

Voluntary Disclosure: In this study voluntary disclosure was operationalized as any release of information that is not specifically required by accounting standards or company law. These include management's strategic forecast, environmental impact assessment, and relationship with stakeholders and ethical issues disclosures. Consistent with prior researches on voluntary disclosure, the study employed the index approach to measure the Voluntary disclosure construct *(Akhtaruddin & Rouf, 2012; Boesso & Kumar, 2009; Eng & Mak, 2003).* Before determining the voluntary disclosure index for each company in the sample, a disclosure checklist was prepared to enable us select items of information in annual reports that are not mandatorily required by Companies and Allied Matters Act 2004, or International Financial Reporting Standards. The disclosure checklist for this study covers 25 items in areas of; strategic information, forward looking and social and ethical information *(Damagum & Chima, 2013).*

The issue in prior disclosure studies is whether to score disclosure items based on weighted or un-weighted method. It has been argued that the weighed approach may introduce a bias towards a particular user orientation, while the un-weighed approach dwells on the assumption that all items are equally important which might not be true *(Barako,et al., 2006).*

This research used the un-weighted approach to avoid any bias arising from weighing such as making a particular disclosure more important than the other even though it is not without its own limitation. Each item was scored (1) if disclosed in the annual reports and (0) if otherwise in line with *Akhtaruddin and Rouf (2012).* This is based on the assumption that all items are equally important and since different stakeholders pay attention to different information. The study employed disclosure index employed by Akhtarudin *and Rouf (2012):*

$$\text{Dscore} = \sum_{i=1} \frac{dj}{n}$$

Where:

Dscore = the aggregate disclosure score.

dj = 1 if the jth item is disclosed or 0 if not disclosed

n = the maximum score each company can obtain.

After each company's disclosure score was determined using the disclosure index above, scores were percentage and placed on a scale as follows: 1-20% = 1, 21-40% =2, 41-60% =3, 61-80% =4 and 81- 100% =5. The aim is to maintain a uniform scale for all variables since the independent variables were measure on an interval scale. The questionnaires were pre-coded before distribution to match data from both primary and secondary source for each company.

Stakeholder Attributes: Stakeholder attributes was operationalised along three dimensions (power, legitimacy and urgency) in line with *Mitchell, et.al. (1997); Boesso* and *Kumar (2009)*. The study used an adopted and modified instrument employed by Boesso and Kumar (2009) to collect data on the three stakeholder attributes.

Power was operationalized to measure the extent to which managers perceive the ability of the following stakeholder groups (financial community, employee union, customers, NGOs, Tax authorities, researchers and community pressure group) to apply a high level of direct economic reward or punishment in order to get its demand met. Responses were anchored on a 5 point Likert response category ranging from 1 = very low to 5 = very strong.

Legitimacy was operationalised to measure the extent to which managers perceive the claims of the following stakeholder group (financial community, labour union, customers, NGOs, tax authorities, researchers and community pressure groups) as appropriate. Reponses were anchored on a 5 point Liker scale ranging from 1 = extremely not appropriate to 5 =very appropriate.

Urgency was operationalised to measure the degree to which managers perceive the demand of the following stakeholder groups (financial community, employee union, Customers, NGOs, Tax authorities, researchers and community pressure groups) as calling for immediate attention (Mitchell, et.al., 1997). Responses were anchored on a 5-point Liker scale ranging from 1 = extremely not immediate 5 = very immediate.

Control variables: In this study it was necessary to control for the effect of confounding factors. We controlled for the effects of industrial category as well as firm's size because most prior literature seem to suggests that these variables are related to voluntary disclosure ((*Bhatia & Tuli, 2017; Soliman, 2013*; *Lan, Wang & Zhang, 2012*; *Barako, 2007)*.

Diagnostics, Validity, reliability and data Analysis

Before analysing the data, it was necessary to clean the data for missing values and outliers as since the statistical technique employed in the study is sensitive to missing values and outliers (*Pallant, 2007)*. Little's MCAR test also indicates that the data missing values were missing completely at random (Chi-square=6.001, DF=5, sig=0.306). Since, data were missing completely at random, they can be replaced statistically hence missing values were replaced statistically using linear interpolation following *Field (2009)*. Also few outliers were identified in the dataset using the z- score and were treated. The data were analysed using Partial least Squares (PLS), specifically SmartPLS3 students' version was used. According to *Hair, Hult, Ringle and sarstedt (2013),* PLS works with small samples (less than 200). In this study, the sample size is 92 hence PLS was found suitable.

In assessing the collinearity, The Variance Inflation Factors (VIF) values were observed. The result indicated that all variables meet the minimum cut-off point of 3 which indicates that multicollinearity is not an issue for estimation of PLS path model as indicated in table 1.The reliability and validity of the instrument using the measurement, while association between the study variables were assessed using the structural models. The measurement model is assessed to measure the reliability and validity of the test instrument. The dependent and categorical variables were modelled as uni-dimensional constructs, hence does not need to be evaluated for reliability and validity *(Mashahadi, Ahmad & Mohamad, 2016)*.Therefore the independent variables were assessed for reliability and validity. In assessing reliability, the focus is on indicator reliability and internal consistency reliability. For indicator reliability to be established, all indicators should have loading of 0.7 and above *(Wong, 2013; Hair,Black,* *Babin and Anderson, 2010)*. All indicators in have the loading 0.7 and above table 1. Traditionally, "Cronbach's alpha" is used to measure internal consistency reliability in social science research but it tends to provide a conservative measurement in PLS-SEM (Wong, 2013). Prior literature has suggested the use of "Composite Reliability" as a replacement *(Bagozzi and Yi, 1988; Hair et al., 2010)*. Both Cronbach alpha and composite reliability should be 0.7 and above to establish internal consistency. From table 1, such values are shown to be larger than 0.7, so high levels of internal consistency reliability have been demonstrated among all five latent variables.

Table 1: Measurement model stakeholders attributes

Stakeholder attributes	**Indicator reliability**	**Cronbach's Alpha**	**Composite**	**AVE**	**VIF**
POWER		**0.738**	**0.856**	**0.631**	**1.666**
Financial Community	0.704				
Employee union	0.722				
Customers	0.937				
LEGITIMACY		**0.719**	**0.842**	**0.652**	**2.383**
Financial Community	0.763				
Labour Union	0.809				
Customers	0.848				
URGENCY		**0.821**	**0.882**	**0.692**	**1.815**
Financial community	0.821				
Employee Union	0.726				
Customers	0.884				
Tax authorities	0.888				

Convergent validity: To check convergent validity, each latent variable's Average Variance Extracted (AVE) is evaluated. The result indicated that all of the AVE values are greater than the acceptable threshold of 0.5, so convergent validity is confirmed as seen in table 2.

Discriminant validity: *Fornell and Larcker (1981*) suggest that the square root of AVE in each latent variable can be examined to establish discriminant validity. The criterion suggests that if AVE for each latent variable is greater than correlation values among the latent variables, then discriminant validity is established. Looking at table 2, the AVE of urgency is 0.794, legitimacy, 0.787 and power 0.795 greater than correlations of other latent variables in the same block. This indicate that, discriminant validity is established.

	Urgency	Legitimacy	Power
Urgency	**0.794**		
Legitimacy	0.676	**0.787**	
Power	0.661	0.370	**0.795**

Results

In this study, it was essential to understand the demographic characteristics of the respondents and background information of the firms. Gender distribution showed a fair spread between males and females with 53.3% males and 46.7% are females. This indicates listed firms in Nigeria are gender sensitive in their recruitment policy. Most respondents (30.8%) are accountants, 27.2% are internal auditors, and 25% are public relation officers while 29.2% are marketing officers and others. In terms of professional qualification, the accounting professional qualification dominates with 49.2%. This is an indication that most of the respondents have adequate know of the subject matter under investigation. The frequency distribution of the respondent's educational qualification showed that most of the respondents 58.5% have either a bachelor's degree or its equivalent (higher national diploma) with few 5% having ordinary national diploma/ certificate of education constitute. This suggests that most of the respondents have the ability to read and understand the questions and provide an appropriate response

Since the unit of analysis for this study is at firms' level, it is important to consider the characteristics of the participation firms. In this regard we considered industrial category, firm size (measured as number of employees) and firm's age (measured as years of operations on the Nigerian market). In terms of industrial category, the financial sector (32.6%). This is probably due to the high response rate from this sector. In terms of firms' size most of the firms have employees size ranging between 151 and 200 (25%) with the least having employees below 50 (12.0%). This is a reflection of the fact that most firms participating in the Nigerian capital market are large enough to employ many employees. Looking at firms age, majority (57.6) have being in operation in the Nigerian market for a period ranging between 21-40 years. This is an indication that most of the firms visited during the data collection have sufficient knowledge of the Nigerian capital market.

In assessing the structural model, we evaluated the path coefficients (β), coefficient of determination (R^2) and the effect size (f^2). Consistent with H1, H2 and H3 the model in figure 1 and table 2 indicate that the dimensions of stakeholders' attributes of power, urgency and legitimacy jointly explain 47.9% of the variation in the behaviour of voluntary disclosure (the R^2 for voluntary disclosure $R^2 = 0.479$). An examination of the path coefficients indicate that power attribute was significant in explaining voluntary disclosure (β=0.380, t=5. 225,

$p<0.05$) thereby supporting hypothesis one (H1). Urgency attribute is significant in explaining variations in voluntary disclosure behaviours ($\beta=0.323$, $t=2.783$, $p<0.05$), thereby supporting hypothesis two (H2). Legitimacy attribute is not significant in explaining voluntary disclosure ($\beta=0.064$, $t=0.684$, $p>0.05$), thus hypothesis three was not supported. The control variable of firm size is not significant in explaining voluntary disclosure ($\beta=0.140$, $t=1.766$, $p>0.05$). Industrial category was not a significant predictor of voluntary disclosure ($\beta= -0.103$, $t=1.319$, $p>0.05$).

The effect size was assessed by examining the f^2 as recommended by *Henseler and Sarstedt (2013)*. The size effect was examined based on Hair et al (2013) who describes the criteria for evaluation of the size effect. According to the authors, f2 values of 0.02, 0.15 and 0.35 respectively has small, medium and strong effects on the endogenous variable. The size effect of all the three exogenous variables on the endogenous variable can be considered small.

Figure 1: Structural Model for Stakeholder Attributes

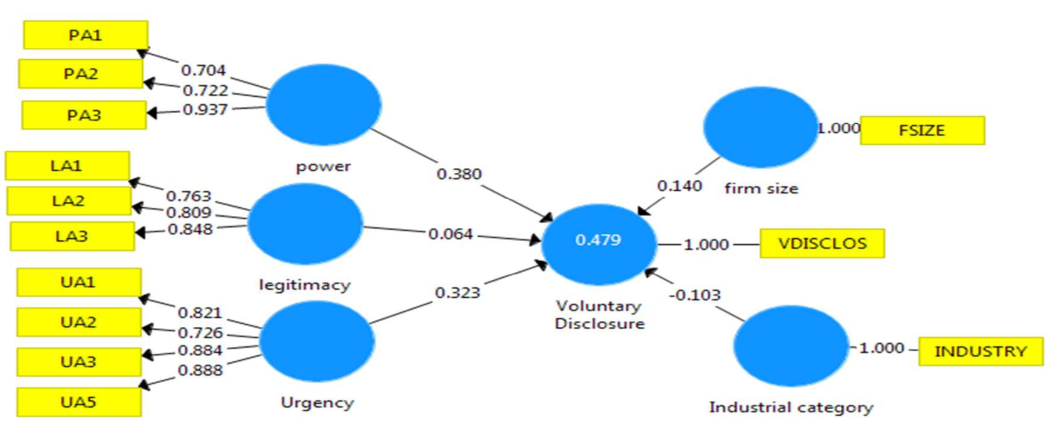

Table 2: Summary of results

Direct paths	**β**	**t-value**	**Sig.**	**Decision**
H1:Power	0.380	5.225	0.000	Supported
H2: Urgency	0.323	2.783	0.006	Supported
H3: Legitimacy	0.064	0.684	0.484	Not supported

Firm size	0.140	1.766	0.078
Industrial Category	-0.103	1.319	0.188

R^2 =0.479, R^2 Adjusted = 0.448, t=6.034, p=0.000

Discussion

The study investigated managers' perception of the three dimensions of stakeholder attributes (power, urgency and legitimacy) on the extent of voluntary disclosure by listed firms in Nigeria. The result showed that stakeholder power and voluntary disclosure are positively and significantly associated. This means that, the level of information voluntarily disclosed in annual reports of listed companies is associated with managers' perception of stakeholder power. This implies that, stakeholders who control financial resources needed by the firm are perceived to be critical for companies' survival. As such managers are inclined to satisfy the information needs of such stakeholders such as providers of finance, labour consumers and government.

This finding is consistent with Dincer (2011) who documented that, Corporate Social Responsibility (CSR) disclosure by listed firms in Istanbul is influenced mainly by government and creditors. Similarly, *Oliveira et al (2013)* found that, voluntary disclosure of intellectual capital is influenced by minority shareholders, creditors and employees. This is also in agreement with *Boesso and Kumar (2009)* who documented that, the degree of power managers accord to a stakeholder group determines how managers go about prioritizing competing claims including voluntary disclosure. In the Nigerian context, the most powerful stakeholder groups as perceived by managers are financial community, employees and customers as indicated in our findings. The result also lend support to stakeholder salience theory *(Mitchell,et al., 1997)* which presumes that given resource constrain, managers focus on meeting the claims of stakeholder groups who possess critical resources needed by the firm. From the above, it is clear that when primary stakeholder groups such as investors, employees, creditors and regulatory agencies demand that listed firms in Nigeria disclose more information in their annual reports than mandatorily required, voluntary disclosure by the firms is likely to be improve.

This study also found that, stakeholder urgency is positively and significantly associated with voluntary disclosure thus hypothesis two is supported. This means that, when managers perceive that the information needs of a stakeholder group require immediate attention, they are likely to provide information voluntarily and in time. One possible explanation is that the level of power accorded a stakeholder group by managers also means that the claims of such stakeholders cannot be delayed. Additionally, in Nigeria there are strong labour laws as such firms try to meet the information needs of employees in time to mitigate industrial actions.

Another explanation is that most communities where most of the companies are located (Lagos and Ogun states) are increasingly becoming aware of environmental impact of companies operation. As such companies are under pressure from various community groups as well as international Non-Governmental Organizations to disclose more information. This is consistent with prior scholars who found that actions of environmental pressure groups are significant in influencing environmental disclosure *(Thijssen et al., 2015).* This is also similar to *Boesso and Kumar (2009*) who concluded that managers, at times managers take a more opportunistic and short-term approach to stakeholder management, based on the influence of a particular stakeholder group at a particular point in time. This also lends support to stakeholder salience theory *(Mitchell, et al., 1997)* which assumes that the greater managers perceive a stakeholder group possesses two or more traits the greater they respond to the claim of such a stakeholder group.

Thirdly, the result indicated that legitimacy is not associated with voluntary disclosure. This is because the mere fact that managers perceive the information claims of a stakeholder group as appropriate does not necessary make them provide information voluntary. The main goal of the firms under study is wealth maximization as such economic consideration is significant in explaining managerial actions.

This contradicts prior literature *Thijssen et al. (2015)* who documented that legitimacy with which firms attached to environmental NGOs has significant influence on CSR disclosure practices of listed firms in the United States of America. A possible explanation could be as a result of contextual differences. In the context of developed countries there appears to be high level of recognition of the information needs of all stakeholders and not just those that control resources. Moreover, the authors used content analysis to measure stakeholders influence a approach that ignores perception of the preparers of the financial statement. In conclusion, the stakeholders' attributes that matter for voluntary disclosure in the context of a developing country like Nigeria are power and urgency. Therefore if the financial community, customers, creditors should put more pressure on companies to disclose information to meet various stakeholder needs, this it will complement the efforts of regulatory agencies towards promotion of transparency in voluntary disclosure.

The study also found that both firm size and industrial category are insignificant in explaining voluntary disclosure. This contradicts *Bhatia and Tuli (2017)* who documented that large firm size and belonging to a software and oil and gas industry is significant in explaining sustainability disclosure in India. This is possibly due to contextual differences

Theoretical implication

This study employs stakeholder salience theory to explain voluntary disclosure practices by listed firms in Nigeria. The study finds support for two dimensions of the theory: power and urgency. This suggests that judging by the manager's perception, the demand of a stakeholder group does not necessarily persuade them to disclose information voluntarily. Except if such perception of appropriateness is also accompanied by power or urgency of needs.

Practical implication

When key stakeholders such as shareholders, creditors and customers increasingly put pressure on firms to improve transparency through disclosure of information in their annual report, voluntary disclosure in Nigeria will be promoted. Moreover, it is clear that if regulatory bodies such as the Nigerian Financial Reporting council should provide a policy guidelines for companies to disclose information such as ethical issues, environmental impact and social disclosure, managers are likely to comply with such policy. This will in turn promote transparency through voluntary disclosure.

Limitations of the study

Despite the contribution of this paper to academic debate in providing insights into management's perception of stakeholders that matter in voluntary disclosure in the context of a developing country, the study has some limitations. The use of survey questionnaire to measure perception of managers is subject to self-reporting bias. However, this was overcome by measuring the dependent variable using data from companies' annual reports. Also, the study is cross-sectional in nature which may not capture change in the perception of managers' overtime. Further studies may use a longitudinal approach to investigate voluntary disclosure.

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