Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.9, No.14, 2018

Corporate Governance Mechanism and Internet Financial Reporting of Listed Companies in Nigeria

MUSTAFA, MURTALA OLADIMEJI ABIOYE, PhD., FCA,
Department of Accounting, University of Abuja, Abuja

SALAUDEEN, YINKA MASHOOD, PhD., FCA
Department of Accounting, University of Abuja, Abuja

*LASISI, TIRIMISIYU KUNLE, PhD Candidate, ACA.
Threshold Educational Consult, Abuja, Nigeria.

Abstract
The objective of this study is to investigate the influence of corporate governance mechanisms on internet financial reporting of listed companies in Nigeria. An ex-post facto research design was adopted for this study. The population of this study consists of all listed companies on Nigeria Stock Exchange (NSE). A stratified sampling method was employed to sample a total of 125 companies listed on Nigeria Stock Exchange. The study employed panel secondary data which were sourced from Investor Relations sections of each sample firm's corporate website and annual reports of the sampled companies for a period of five years from 2012 – 2016 accounting years. Pool ordinary least regression was used in analysing the data.The results reveal that internet financial reporting has a significant positive relationship with board independence, board size, board competence, and board diligence. However, the board gender diversity has no significant relationship with internet financial reporting. The study recommends that regulatory bodies should develop a guideline on internet financial reporting in order to enhance transparency among listed companies in Nigeria and to reduce information asymmetry.
Keywords: Board Size, Board Diligence, Internet Financial Reporting, Voluntary Disclosure.

1.0 Introduction

The development of internet provides a better and more effective ways of communicating financial and non-financial information. Internet financial reporting (IFR) is a recent but fast-growing phenomenon and many companies worldwide are taking advantage of the opportunity provided by the worldwide web, (Oyelere, Laswad, & Fisher, 2003). Khadaroo (2005) also reports that internet usage has significantly impacted on corporate reporting practices and facilitated a better functioning of financial markets by enhancing companies' ability to prepare investors with up-to-date and timely financial and non-financial information.

Internet financial reporting (IFR) provide a low-cost mechanism for listed company to reach a wider audience that might result in the reduction of agency cost through improved information asymmetry (Mohammad & Hasan, 2016).. The main aim for emerging economies to consider establishing corporate governance is the need to build investors' confidence in order to expand their economy and attract local and foreign investments (Abhayawansa & Johnson, 2007).

A number of researchers have studied the influence of corporate governance practices on internet financial reporting but there are a number of controversial findings (Yap, Saleh & Abessi, 2011; Kelton & Yang, 2008; Abdelsalam, Bryant & Street, 2007; Ezat & El-Mastry, 2008; Mohammed & Hassan, 2016; Thangatorai, Jaffar & Shukor, 2011; Abeir, Ali & Yeney, 2016). Good corporate governance enables companies to present timely, clear and comparable information, especially concerning financial issues, management and company ownership (Almilia, 2015).

A number of studies have been conducted in the area of internet financial reporting in Nigeria. These are the works of Mustafa and Lasisi (2018) who examined foreign ownership, institutional ownership, company size and profitability as factors influencing the internet financial reporting. Agboola and Salawu (2012) also investigated the effect of firm size, and type of auditor on internet financial reporting by commercial banks in Nigeria; Monday and Nancy (2016) also tested the influence of firm size, profitability, and gearing on voluntary web disclosure; Yusuf (2013) determined the relationship between internet financial reporting and profitability, leverage, company size, foreign listing and industry type.

Although many studies have investigated the extent of internet financial reporting and its determinants in Nigeria. To the best of researcher's knowledge, there is dearth of study that examined the influence of corporate governance mechanisms on internet financial reporting. Therefore, this study would be an important contribution in filling the gap in the current literature by examining the influence of board independence, board size, board gender competency, and board diligence on internet financial reporting of listed companies on Nigeria Stock Exchange (NSE).

2.1 Literature Review

Abdelsalam, Bryant, and Street (2007) examine the association between the comprehensiveness, usability, and credibility of corporate Internet reporting (CIR) disclosures and corporate governance measures for a sample of 110 London-listed companies. The study found that director holding, director independence, and CEO duality are associated with the corporate internet financial reporting of London-listed companies. However, directors holding and major holding were found to be insignificant to corporate internet reporting.

Kelton and Yang (2008) examined whether corporate governance affects a firm's internet disclosure behaviour. The authors examine 305 companies traded in the NASDAQ national market and at the same time having their data available in the 2003 COMPUSTAT data-set. Results indicate that firms with weak shareholder rights are more likely to use the internet to communicate information to existing and potential investors and to provide information related to corporate governance on their web-sites. Moreover, board independence increases internet disclosure and there is a positive association between board independence and corporate governance disclosure.

Ezat and El-Masry (2008) examined the key factors that affect the timeliness of corporate internet reporting (CIR) by the Egyptian listed corporations on the Cairo and Alexandria Stock Exchange. The study developed a disclosure index to measure the timeliness of CIR for the listed Egyptian corporations. The study found a significant relationship between the timeliness of CIR and firm size, type of industry, liquidity, ownership structure, board composition and board size. The results indicate that firms typically in the service sector, that are large and have a high rate of liquidity, a high proportion of independent directors, a large number of board directors and a high free float disclose more timely information on their web sites. Furthermore, a significant association between the entire independent variables and some items of timeliness of CIR is found.

Yap, Saleh and Abessi (2011) examined the association between corporate governance mechanisms, ownership structures, Internet visibility and Internet financial reporting. The researcher examined the contents of listed companies' Web sites by adapting the richer and more comprehensive disclosures/attributes index from FASB (2000). The results in the regression model show Internet financial reporting is positively significantly related to independent non-executive directors, board competency, board size and shareholders numbers. Audit committee with financial and accounting qualification is also positively significantly associated with Internet visibility. The study also found that CEO duality, audit committee independence, audit committee size and board diligence are not significant with internet financial reporting.

Thangatorai, Jaffar and Shukor (2011) examined the relationship between corporate governance mechanisms namely the characteristics of board of directors (board independence, dominant personality, family members on board, financial experts on board and director ownership) with voluntary internet financial reporting. This study used data from 265 companies listed on Bursa Malaysia's Main board for the year 2011. The result of this study shows that board independence, financial experts on board, family members on board and director ownership has a significant influence towards the level of corporate voluntary internet financial reporting disclosure. However dominant personality of board members does not have a significant influence towards VIFR.

Manini, Abdillahi and Hardy (2014) examined the association between corporate governance mechanisms (board size, board gender diversity, and audit committee size) and disclosure transparency measured by the level of Internet financial reporting (IFR) behavior. The Internet Financial Reporting Disclosure Index is used to measure the extent of each sample firm's IFR by presentation format, information content, and corporate governance disclosures. Populations used in this study were 65 companies listed in the Nairobi Securities Exchange in the period of 2014. The methodology of the study was content analysis of corporate web sites of corporations listed on the NSE. Results indicate that there was no significant association between the firms' board size, board gender diversity, and audit committee size on IFR. The findings suggest that corporate governance mechanisms do not significantly influence a firm's Internet disclosure behavior, presumably in response to the information asymmetry between management and investors and the resulting agency costs. Additional exploratory analysis indicates that the association between corporate governance and IFR varies with firm size.

Mohammad and Hasan (2016) investigated determinants of internet financial reporting among listed companies in Bangladesh. A total number of 151 companies listed in both DSE and CSE is chosen for the statistical analysis. The extent of IFR is determined using a disclosure index through content analysis. Multiple regression analysis is used to examine the determinants of the internet financial reporting. It was found that overall IFR disclosure score is very low (17.77%) while low technology industries have disclosed more information on the internet than high technology companies. Regression results found profitability to the most significant predictor of IFR. The proportion of independent directors on board and size was also found to have significant influence of IFR. Meanwhile, board size, CEO duality, and industry were not considered as significant predictors of IFR.

Abeir, Ali and Yeney (2016) examined the effects of the corporate governance and ownership structure on the internet financial reporting in manufacturing companies in Indonesia. The results reveal that board of director

competency, board of director meeting, and audit committee competence have a positive impact on web financial reporting. Meanwhile, board of director size reveals negative effect on internet financial reporting. However, the audit committee independence, audit committee size, audit committee activity, ownership concentration on top 5 shareholders, and number of shareholders are not proven to affect the web financial disclosure. While the results of audit committee activity and ownership concentration on top 5 shareholders analysis support institutional theory, the results of audit committee independence, audit committee size.

Sanad, Abdalmuttaleb and Al-Sartawi (2016) investigated the relationship between corporate governance and internet financial reporting. Extensive literature review was carried out and a multi-regression analysis was used in order to investigate the influence of board size, board independence, CEO duality, director ownership, ownership concentration on internet financial reporting for the companies that are listed in Bahrain bourse. The findings indicate that the relationship between corporate governance and internet financial reporting is weak due to the fact that the board characteristics do not affect the level of disclosing information via the internet (IFR). However, the board size and big4 companies have a positive relationship with IFR.

Agboola and Salawu (2012) investigated the major factors influencing internet financial reporting in Nigeria. Secondary data were sourced from the Annual Report and Accounts of the seventy-seven (77) sample firms and annual publications of the Nigerian Stock Exchange. The study revealed two major factors as influencing IFR in Nigeria. The firm's size was positively and significantly correlated to the IFR practice. This implies that larger firms utilize IFR more than their counterparts. The results also showed that type of auditor was significant and positive for all the firms.

Adebimpe and Ikenna (2013) investigated internet financial reporting and company characteristics. The result shows that 80.8% of listed companies in Nigeria have websites while 19.2% did not have websites or their websites was not accessible. The financial sector has the highest number of companies (55) with official websites while the manufacturing sector has the highest number of companies (14) without official websites. The result of the regression analysis shows that company size (log of total assets) and industrial sector have significant association with internet financial reporting (IFR) index. However, profitability, auditor type and company age were not found to be significant explanatory variables for IFR index.

Yusuf (2013) examined the internet corporate reporting in Nigeria. The companies quoted on the Nigerian Stock Exchange were studied using an internet financial reporting index (IFRI). Multiple regression analysis was used to determine the relationship between (IFRI) and profitability, leverage, size, foreign listing and industry type. The empirical result indicates that the only variable that significantly determines the level of internet financial reporting is the size of the company.

Monday and Nancy (2016) carried out study that investigated determinants of voluntary disclosure quality in emerging economies. Data was sourced from 793 corporate annual reports of firms listed in the Nigeria stock exchange from 2000 to 2014. The results indicate that firm size and Board Composition has significant and positive relationship with voluntary disclosure quality. On the other hand, profitability and gearing were found to be significant and negatively related to the voluntary disclosure quality of listed firms in Nigeria. As evident from the review, there appear to be a considerable variation in the results.

Mustafa and Lasisi (2018) investigated factors influencing financial internet reporting. The study examined the variables foreign ownership, institutional ownership, firm size and profitability from a sample of 125 companies listed on the Nigeria Stock Exchange. The study employed the secondary data by examining the Investor Relations sections of each sample firm's corporate website and annual reports of the sample companies using panel data for five years period from 2010-2014. Pool multiple regression was used in data analysis. The results show that internet financial reporting has significant positive relationship with foreign ownership, institutional ownership, firm size whereas significant negative relationship with the firm's profitability.

3. Conceptual Framework and Hypotheses Development

The main purpose of this study is find out whether corporate governance mechanisms are related with a company's Internet financial reporting attitude. According to Jensen and Meckling, (1976), the connectivity between disclosure behaviour and corporate governance is provided by agency theory. The company's information disclosure policy are monitored and determined by corporate governance mechanisms.

3.1 Board Independence

Board independence is an essential element in monitoring the corporate financial accounting process (Klein, 2002). The benefit from establishing reputations as monitoring experts often provides incentives for representatives of shareholders, members of companies' board of directors to increase the quantity and quality of disclosure (Fama & Jenses, 1983). Prior studies have established both positive (Chen & Jaggi, 2000) and negative (Abrahamson & Park, 1994; Eng & Mak, 2003) association between proportions of independent directors on board and the extent of voluntary disclosure. Xiao, Yang, & Chow (2004) have investigated the influence of proportion of board of directors on the scope of internet financial reporting and found a significant

positive association. A review of prior studies has resulted to the development of testable hypothesis.
H_o1: There is no significant relationship between board independence and IFR.

3.2 Board Size

The number of directors on the company's board may play a critical role in the monitoring of the board and in taking strategic decisions. Gandia (2008) considered board size would increase the disclosure because higher level of disclosure gives positive impression as it is of the board members' decision (Chiang, 2005). According to AbuGhazaleh et al. (2012), board size affects the quality of deliberation among members and ability of board to arrive at an optimal corporate decision. Previous studies find that corporate internet disclosure is positively associated with board size (Desoky & Mousa, 2009). Empirical results have also suggested a negative association between board size and the extent of voluntary disclosure (Yermack, 1996). Whether large or small board help improve firm performance and internet financial reporting is a debatable issue and researchers found mixed result about the relation between board size and internet financial reporting. This study therefore, developed a testable hypothesis from prior studies.
H_o2: There is a negative relationship between board size and IFR.

3.3 Board Gender Diversity

The board composition of a company has been argued to have a positive relationship with the internet financial reporting (Chow & Wong-Boren, 1987; Cooke, 1989 and 1991; Ahmed & Nicholls, 1994, Hossain, Lin & Adams, 1994; Botosan, 1997; Frankel et al., 1999). Specifically, studies on voluntary IFR studies such as Ashbaugh et al. (1999), Debreceny et al. (2002) and Ettredge et al. (2002) have also chosen board diversity as one important factor to explain the IFR practices. Boards are concerned with having right composition to provide diverse perspectives. Greater female representation on boards provides some additional skills and perspectives that may not be possible with all-male boards (Boyle & Jane, 2011). Board diversity promotes more effective monitoring and problem-solving. Boyle and Jane (2011) argue that female board members will bring diverse viewpoints to the boardroom and will provoke lively boardroom discussions. According to Erhardt et al. (2003), diversity of the board of directors and the subsequent conflict that is considered to commonly occur with diverse group dynamics is likely to have a positive impact on the controlling function and could be one of several tools used to minimize potential agency issues. The relevant hypothesis derived from the above discussion is:
H_o3: There is no significant relationship between board gender diversity and IFR.

3.4 Board Competency

The national education level or accounting profession influences accounting practice (Doupnik & Salter, 1995). Education level can be considered as an intrusion on the accounting system, and educational background can be considered as an important factor for disclosure practice. Gray (1988) identified education as an institutional outcome affecting accounting values and practices. Hambrick and Mason (1984) argue better-educated managers are more likely to accept ambiguity and adopt innovative activities. Wallace and Cooke (1990) suggest there may be increased demand for corporate accountability and political awareness if there is an increase in the national education level. Xiao et al., (2004) argue to increase organizational legitimacy; professional establishes standards to create homogeneous organizational practices such as Internet reporting. Consistent with the argument of Haniffa and Cooke (2002), if a board of directors consists of individuals having an academic background in accounting and business, they may choose to increase voluntary disclosure to prove accountability and credibility of the management team to promote the corporate image. A review of prior studies has resulted to the development of testable hypothesis.
H_o4: There is no significant relationship between board competency and IFR.

3.5 Board Diligence

Board meeting frequency is often used as a proxy for board diligence (Yatim et al., 2006). The intensity of board activities is likely to contribute to the effectiveness of oversight functions, especially relating to financial reporting. Lipton and Lorsch (1992) and Byrne (1996) argue boards that meet frequently are beneficial to shareholders and are more likely to undertake their jobs diligently. Conger et al., (1998) and Vafeas (1999) argue board's effectiveness can be improved by duration of board meeting. It is expected Internet financial reporting is positively related to more diligent boards measured by the board meetings number held during the financial year. It is argued that more independent, competent and diligent boards, smaller boards are likely to enhance internal governance and extent of financial reporting via Internet. This study therefore, developed a testable hypothesis from prior studies.
H_o5: There is a negative relationship between board diligence and IFR.

4. Methodology

The study adopts ex-post facto research design. The population for this study consists of all listed companies on the Nigerian Stock Exchange. As at 20th of November, 2017, the total listed companies on Nigerian Stock Exchange was one hundred and seventy-eight (178). The population is stratified based on sector and the sample is drawn systematically from the population. 125 out of 178 listed companies are selected as our sample representative. This was done using random sampling techniques. The study employed panel secondary data which were sourced from annual report and accounts of the sample companies for the periods of 2012 – 2016 accounting years. The use of panel secondary data in this study is based on the fact that the data used are cross-sectional and time series. The websites of the sample companies were browsed to collect the data needed to measure internet financial reporting as dependent variable (internet reporting disclosure index) from investors' relation section of each of the sample company. While the data for corporate governance mechanisms variables (board independence, board size, board gender diversity, board competency, and board diligence) were sourced from the non-financial statements of the annual reports and accounts of sample listed firms in Nigeria. The study employs descriptive statistics; to know the characteristics of the variables, Pearson product moment correlation; to know the relationship among the variables and pool ordinary least regression to test relationships among theoretically related variables and estimating the effects of one variable on the other with the aid of statistical package (STATA 13).

4.1 Model Specification

The model uses internet financial reporting disclosure index (IFRD) as dependent variable and four independent variables, which include Board Independence, Board Size, Board Gender Diversity, Board Competency, and Board Diligence. The multiple regression model as adopted from Yap, Saleh and Abessi (2011) as below;

$INFRD_{it} = \beta_0 + \beta_1 BdIndp_{it} + \beta_2 BdSz_{it} + \beta_3 BdGdDiv_{it} + \beta_4 BdCmp_{it} + \beta_5 DdDlg_{it} + \varepsilon_i$

Where:

$INFRD_{it}$ = internet financial reporting disclosure
β_0 = Coefficient of the constant variable
$BdIndp_{it}$ = board independence for company in *i* year *t*
$BdSz_{it}$ = board size for company in *i* year *t*
$BdGdDiv_{it}$ = board gender diversity for company in *i* year *t*
$BdCmp_{it}$ = board competency for company in *i* year *t*
$DdDlg_{it}$ = board diligence for company in *i* year *t*
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Regression coefficients of independent variables
ε_i = error term.

4.2 Dependent Variable

For the purpose of this study, the dependent variable is internet financial reporting (IFR). The study employs internet financial disclosure index to measure internet financial disclosure (IFD) in the same way as Al Arussi, Selamat, and Hanefah, (2011). The internet financial reporting disclosure index (IFRDI) is computed by means of a checklist, which contains 37 items (see **Appendix 1A**). The data are collected by examining the Investor Relations sections of each sample firm's corporate website for the presence of each of the 37 IFR measurement items. Each item disclosed is scored 1. Finally, the total score is divided by 37 to get the IFRDI, (Khan & Ismail, 2012). The following model is used to compute the IFR disclosure index:

$$IFRD = \frac{\sum \text{Real Score obtained by the Individual Company}}{\sum \text{Maximum Available Score (i.e., 37)}} \times 100$$

4.3 Independent Variables

Based on the literature review, the study determines foreign ownership, institutional ownership, company size and profitability as determinants of internet financial reporting for listed companies in Nigeria.

Table 4.1: Summary of Independent Variables

Variables	Proxies	Sources
Board independence	The ratio of non-executive members to total members on the board of directors	Kelton and Yang, (2008)
Board size	The number of board of directors members	Yap, Saleh and Abessi (2011)
Board Gender Diversity	The proportion of female directors to the total number of directors.	Manini, Ali Abdillahi and Hardy (2014)
Board Competency	Ratio of directors qualified in accounting or business to total directors	Yap, Saleh and Abessi (2011)
Board Diligence	Frequency of board of directors meeting held during the financial year	Yap, Saleh and Abessi (2011)

5. Findings

5.1 Descriptive Statistics

Descriptive statistics was used to summarize and describe variables under the study. The table 5.1 below revealed descriptive statistics for the dependent and independent variables.

Table 5.1: Summary of Descriptive Statistics

Variables	Mean	Std. Dev.	Maximum	Minimum	Skewness	Kurtosis
INFRD	77.75	8.48	91.89	64.86	0.1292564	1.970745
BdIndp	0.54	0.11	0.75	0.33	0.4820042	6.655696
BdSz	7.26	1.50	10	6	0.7264414	2.105067
BdGdDiv	0.07	0.06	0.16	0	0.0654633	1.294315
BdCmp	0.55	0.20	0.85	0.3	0.0596329	1.633249
DdDlg	4.61	0.76	8	2	0.7720723	5.994256

Source: Output generated using STATA 13.

Descriptive statistics results from table 5.1 showed that the mean of internet financial reporting is 77.75 with standard deviation of 8.48 while the maximum and minimum values are 91.89 and 64.86 respectively. The mean for internet reporting disclosed that more than half of the companies publish their financial reports on the internet. However, the maximum and the minimum proportion of board independence between the sample companies are 0.75 and 0.33 respectively with standard deviation of 0.11 while the mean value of proportion of board independence is 0.54. It was also revealed that the mean of the board size of the sampled firms is 7.26 with standard deviation of 1.50, the maximum and minimum values are 10 and 6 respectively. Moreover, the table showed that the mean of the board gender diversity of the sampled firms is 0.07 with standard deviation of 0.06 while the maximum and minimum proportion values are 0.16 and 0.0 respectively. However, the descriptive results also showed that the average of board composition is 0.55 with standard deviation of 0.20 while the maximum and minimum proportion values are 0.85 and 0.3 respectively. The descriptive statistics of the board diligence has a maximum of 8 and minimum of 2 with a mean value of 4.61 and standard deviation of 0.76.

5.2 Correlation Analysis

Table 5.2 presents the correlation matrix of the dependent and independent variables, from which it can be observed that three explanatory variables board size, board competency and board diligence are positively correlated with internet financial reporting. While board independence and board gender diversity are negatively significant correlated with internet financial reporting. It can be seen from table 5.2 that the highest correlation between independent variables is 0.32 and that occurred between board dependence and board diligence. Judge, Griffiths, Hill, Luthepohl, and Lee (1985) suggest that simple correlation between independent variables should not be considered harmful until they exceed 0.8 or 0.9.

Table 5.2: Correlation Matrix of Dependent and Independent Variables

	INFRD	BdIndp	BdSz	BdGdDiv	BdCmp	DdDlg
INFRD	1					
BdIndp	-0.0655	1				
BdSz	0.3845	0.0341	1			
BdGdDiv	-0.0544	0.0134	-0.0141	1		
BdCmp	0.1185	-0.0136	-0.0232	-0.0270	1	
DdDlg	0.4544	-0.3297	-0.0020	-0.0699	-0.0244	1

Source: Output generated using STATA 13

5.3 Diagnostic Test

Diagnostic test is made to make sure that multiple regression assumptions are not violated. The study therefore test for normality, homoskedasticity, and multicollinearity.

5.3.1 Normality Test

Table 5.3: Results of Normality Test

Variables	N	W	V	Z	Prob > z
INFRD	625	0.84609	63.333	10.071	0.00000
BdIndp	625	0.99322	2.790	2.491	0.00637
BdSz	625	0.72541	112.995	11.477	0.00000
BdGdDiv	625	0.97161	11.682	5.568	0.00000
BdCmp	625	0.47576	215.726	13.047	0.00000
DdDlg	625	0.87272	52.377	9.610	0.00000

Source: Output generated using STATA 13

Normality tests assess the likelihood that errors (residuals) should be normally distributed. As mentioned by Ghasemi and Zahediasl in the year 2012, the distribution of the data can be ignored when the samples comprising of hundreds of observations. The results indicated that the data are not normally distributed because the P-values are significant at 1% for the variables. Thus, the null hypothesis (that state the data is normally distributed) is rejected. Based on the central limit theorem, the sampling distribution tends to be normal in large samples (> 30 or 40) regardless of the shape of the data (Field, 2009; Elliott & Woodward, 2007).

5.3.2 Multicollinearity Test

Multicollinearity test is basically conducted to check whether there are high correlations between independent variables which will mislead the result of the study. The study tested for the existence of multicollinearity, using variance inflation factor (VIF) and the tolerance value. The rule of thumb is that if the variables have VIF above 10 and tolerance values less than 0.10, there is a strong indication of the existence of multicollinearity, (Gujarati & Porter, 2009). The results from the table 4.4 below showed that there is no problem of multicollinearity because all the tolerance values are greater than 0.10 while all the VIF are less than 10.

Table 5.4: Results of Multicollinearity Test

Variables	VIF	Tolerance
DdDlg	1.13	0.886033
BdIndp	1.12	0.889673
BdGdDiv	1.01	0.993951
BdCmp	1.00	0.997509
BdSz	1.00	0.998020
Mean VIF	1.05	

Source: Output generated using STATA 13

5.3.3 Heteroskedasticity Test

The homoskedasticity is one of the assumptions of multiple regression which states that the variance of the errors must be constant. If the errors do not have a constant variance, they are said to be heteroskedastic (Gujarati & Porter 2009). The Breusch-pagan\cook-weisberg test was used to test the presence of the heteroskedasticity. Accordingly, table 4.5 showed the p-value is greater than 5%. This shows that there is no evidence for the presence of the heteroskedasticity.

Table 5.5: Breusch-Pagan / Cook-Weisbergtest for Heteroskedasticity

Test	**Chi-square**	**Prob>chi2**
Breusch-Pagan / Cook-Weisberg	2.53	0.1115

$Source: Output generated using STATA 13

5.4 Regression Results

Table 5.6 shows the regression results for all the sampled banks.

Table 5.6: Regression Results

Mode Summary				
No. of Observation	625			
F-statistic	76.07			
Prob. > F	0.0000			
R-square	0.3806			
Adj. R-squared	0.3756			
Root MSE	0.01382			
Variables	Coefficient	**Std. Error.**	**t-statistic**	**Sig.**
BdIndp	0.0019767	0.0007957	2.48	0.013
BdSz	0.0730074	0.0059935	12.18	0.000
BdGdDiv	-0.0002115	0.0005429	-0.39	0.697
BdCmp	0.0324205	0.0073286	4.42	0.000
DdDlg	0.0648477	0.0044914	14.44	0.000
(Constant)	0.1704628	0.0100734	16.92	0.000

Source: Output generated using STATA 13

It can be seen in Table 5.6 that the adjusted R^2 of the regression model is 37%, suggesting that the independent variables (board independence, board size, board competency and board diligence) employed in the model explain 37% of the variation in internet financial reporting by sample companies. Table 5.6 also reported a positive and significant association between board independence, board size, board composition and board diligence while board gender diversity has no significant relationship with internet financial reporting.

6. Discussions

The researcher based the discussion of findings on the pool regression results in table 5.6. The beta value (coefficient) from regression results in table 5.6 above measures the degree to which each of the explanatory variables affects the dependent variables.

6.1 Board Independence and Internet Financial Reporting

Board independence is statistically significant at the 0.05 level of significance. The result reveals that every one unit increase in board independence will lead to 0.0019 increase in internet financial reporting.of listed companies in Nigeria. The result shows that companies with more non-executive members are tend to disclose financial information on the web. The finding is in line with findings of Yap, Saleh and Abessi (2011), Thangatorai, Jaffar and Shukor (2011) while the result is inconsistent with the findings of Manini, Ali Abdillahi and Hardy (2014); James (2014).

6.2 Board Size and Internet Financial Reporting

Board size is significant at the 0.01 level of significance and is positively associated with the internet financial reporting. The result implies that every one unit increase in board size will lead to 0.073 increase in internet financial reporting of listed companies in Nigeria. It implies that listed companies in Nigeria with high board members are tend to report their financial information on the internet. The finding is consistent with the findings of Yap, Saleh and Abessi (2011); Sanad, Abdalmuttaleb and Al-Sartawi (2016). Meanwhile, the finding contradicts the finding of Manini, Ali Abdillahi and Hardy (2014).

6.3 Board Gender Diversity and Internet Financial Reporting

The results of multiple regression from table 5.6 showed that the beta coefficient of board gender diversity is -0.0002 while significant value (p-value) is 0.697 which is greater than 5% level of significant. This however, showed that there is no significant relationship between board gender diversity and internet financial reporting. This result is consistent with the findings of Manini, Abdillahi and Hardy (2014) who found insignificant relationship between board gender diversity and internet financial reporting.

6.4 Board Competency and Internet Financial Reporting

Based on the pool ordinary least square regression results, board competency has a beta coefficient of 0.032 which is statistically significant at the 0.01 level of significance. This implies that a unit change in board competency will result to 0.032 change in internet financial reporting. This implies that listed companies in Nigeria that have large proportion of board members with accounting and finance background are tend to disclose their financial information on the internet. This result supports the findings of Yap, Saleh and Abessi (2011) who also found positive significant relationship between board competency and internet financial reporting.

6.5 Board Diligence and Internet Financial Reporting

The result of the pool ordinary least square regression from table 5.6 shows that board diligence (frequency of board of directors meeting) has a beta coefficient of 0.06 which is statistically significant at the 0.01 level of significance. This implies that a unit change in board diligence will result to 0.06 change in internet financial reporting. This implies that the frequency of directors' board meeting influenced the reporting of financial information on the web. This result supports the findings of Abeir, Ali and Yeney (2016) who also found positive significant relationship between board diligence and internet financial reporting. Meanwhile, the finding contradicts the finding of Yap, Saleh and Abessi (2011) who found insignificant relationship between board diligence and internet financial reporting.

7. Conclusion

Based on the findings of this research, the study concludes that a significant relationship exists between board independence and internet financial reporting. This implies that the level of internet financial reporting is affected by board independence. Therefore, the more the independent directors, the more the chances of disclosing the financial information on the internet. The study also concludes that board size has significant positive effect on the internet financial reporting. This implies that the companies with large board members are tend to disclose their financial information on the web. Moreover, the study concludes that board gender diversity has no significant relationship with internet financial reporting. Also, the study concludes that board competency has significant positive effect on the internet financial reporting. Therefore, the large the board members with accounting and finance background, the more the likelihood of internet financial reporting. Finally, the study concludes that the board diligence determines the extent of internet of financial reporting on the web. This implies that the more the number of board of directors' meeting, the more the level of internet financial disclosure.

References

Abdelsalam, O.H., Bryant, S.M., & Street, D.L. (2007). An examination of the comprehensiveness of corporate internet reporting provided by London listed companies. Journal of International Accounting Research, 6, 1-33.

Abeir, H.H., Ali, D., & Yeney, W. (2016). Corporate governance and internet financial reporting in Indonesia. The International Journal of Accounting and Business Society, 24(2), 36-46.

Abhayawansa, S. & Johnson, R. (2007). Corporate governance reforms in developing countries: Accountability versus performance. Reading in Auditing 2, 84-98.

Abrahamson, E., & Park, C. (1994). Concealment of negative organizational outcomes: An agency theory perspective. Academy of Management Journal, 37(5), 1302–1334.

AbuGhazaleh, N, Amer, Q., & Haddad, A. (2012). A perceptions and attitudes toward corporate website presence and its use in investor relations in the Jordanian context. Advances in Accounting 28(1) 1-10.

Adebimpe, O. U. & Ikenna, E. A. (2013). Internet financial reporting and company characteristics: A case of quoted companies in Nigeria. Research Journal of Finance and Accounting, 4(12), 72-80.

Agboola, A. A., & Salawu, M. K. (2012). The determinants of internet financial reporting: Empirical evidence from Nigeria. Research Journal of Finance and Accounting. 3(11), 95 - 105.

Ahmed, K. & Nicholls, D. (1994). The impact of non-financial company characteristics on mandatory disclosure compliance in developing countries: the case of Bangladesh. The International Journal of Accounting, 29, 62-77.

Al Arussi, A. S., Selamat, M. H., & Hanefah, M. M. (2011). The determinants of internet financial disclosure: The perspective of Malaysian listed companies. International Journal of Management Studies, 18(1), 1-29.

Almilia, L.S. (2009). Determining factors of internet financial reporting in Indonesia. Accounting & Taxation, 1(1), 87-99

Ashbaugh, H., Johnstone, K. & Warfield, T. (1999). Corporate reporting on the Internet. Accounting Horizons, 13(3), 241-257.between 1995 and 2010, http://www.econ.canterbury.ac.nz/RePEc/cbt/econwp/1136.pdf.

Botosan, C.A., (1997). Disclosure level and the cost of equity capital. The Accounting Review, 72 (3), 323–349.

Boyle, G. & Jane, J. (2011). New Zealand corporate boards in transition: Composition, activity and incentives between 1995 and 2010. Working paper No. 36. Available at http://www.econ.canterbury.ac.nz/RePEc/cbt/econwp/1136.pdf [Accessed 11 January 2017].

Byrne, J. (1996). And you thought CEOs were overpaid. (1996, August 26th). Business Week, 34.

Chen, C.J.P., & Jaggi, B. (2000). Association between independent non-executive directors, family control and financial disclosures in Hong Kong. Journal of Accounting and Public Policy, 19, 285–310.

Chiang, H. (2005). An empirical study of corporate governance and corporate performance. Journal of American Academy of Business, 6, 95-101.

Chow, C. W. & Wong-boren, A. (1987). Voluntary financial disclosure by Mexican corporations. Accounting

Review, 62, 533-541.
Conger, J.A., Finegold, D, & Lawler, E.E (1998). Appraising boardroom performance. Harvard Business Review, 76(1), 136-148.
Cooke, T. E. (1989). Voluntary disclosure by Swedish companies. Journal of International Financial Management and Accounting, 1, 1-25.
Cooke, T. E. (1991). An assessment of voluntary disclosure in the annual reports of Japanese corporation. International Journal of Accounting, 26(3), 174-189.
Desoky, A. M., & Mousa, G. A. (2012). Corporate governance practices: Transparency and disclosure - Evidence from the Egyptian exchange. Journal of Accounting, 2(1), 49-72.
Doupnik, T. & Salter, S. (1995). External environment, culture and accounting practice: A preliminary test of a general model of international accounting development. International Journal of Accounting, 30(3), 189-207.
Elliott, A. & Woodward, W. (2007). Statistical analysis quick reference guidebook. Thousand Oaks, Calif.: Sage Publications.
Eng, L. L. &. Mak, Y. T. (2003). Corporate governance and voluntary disclosure. Journal of Accounting and Public Policy, 22, 325-345.
Erhardt, N. L, Werbel, J. D, & Shrader, C. B. (2003). Board of director diversity and firm financial Performance. Corporate governance: An International Review, 2, 102–111.
Ettredge, M., Richardson, V. & Scholz, S. (2002). Dissemination of information for investors at corporate web sites. Journal of Accounting and Public Policy, 21(4/5), 357–369.
Ezat, A & El-Masry, A. (2008). The impact of corporate governance on the timeliness of corporate internet reporting by Egyptian listed companies. Managerial Finance, 34(12), 848 - 867.
Fama, E.F., & Jensen, M.C. (1983). Separation of ownership and control. Journal of Law and Economics, 301–326.
Field, A. (2009). Discovering statistics using SPSS. LA: SAGE Publications.
Frankel, R., Johnson, M. & Skinner, D. (199). An empirical examination of conference calls as a voluntary disclosure medium. Journal of Accounting Research, 37(1), 133-150.
Gandia, J. L. (2008). Determinants of Internet-based corporate governance disclosures by Spanish listed companies. Online Information Review, 32(6), 791-817.
Ghasemi, A. & Zahediasl, S. (2012). Normality tests for statistical analysis: A guide for non-statisticians. Int J Endocrinol Metab, 10(2), 486-489.
Grace, M., A. Ireland & Dunstan, K. (1995). Board composition, non-executive directors' characteristics and corporate financial performance. Asia-Pacific Journal of Accounting,
Gray, S.J. (1988). Towards a theory of cultural influence on the development of accounting systems internationally. Abacus, 24(1), 1-15.
Gujarati, D. & Porter, D. (2009). Basic Econometrics, 5th edition, New York: McGraw-Hill.
Hambrick, D.C. & Mason, P.A. (1984). Upper echelons: The organisation as a reflection of its top managers. Academy of Management Review, 9(2), 193-206.
Haniffa, R.M & Cooke, T.E. (2002). Culture, corporate governance, and disclosure in Malaysian corporations. Abacus, 38(3), 317-349.
Hossain, M., Lin, T.M., & Adams, M. B. (1994). Voluntary disclosure in an emerging capital market: Some empirical evidence from companies listed on the KLS. The International Journal of Accounting, 29, 334-351.
Jensen, M.C. & Meckling, W.H., (1976). Theory of the firm, managerial behaviour, agency cost and ownership structure. Journal of Financial Economic, 3, 305–361.
Judge, G. C., Griffiths, W. E., Hill, C. R., Luthepohl, H. & Lee, T. (1985). The Theory and Practice of Econometrics, 2nd ed. New York, NY: Wiley.
Khan, M. & Ismail, N. (2012). Various aspects of internet financial reporting: Evidence from Malaysia. Journal of Global Business and Economics, 4(1), 40-54.
Kelton, A. S. & Yang, Y. (2008). The impact of corporate governance on the internet financial reporting. Journal of Accounting and Public Policy, 27, 62-87.
Khadaroo, I. (2005). Corporate reporting on the internet: Some implications for the auditing profession. Managerial Auditing Journal, 20(6), 578-591.
Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. Journal of Accounting and Economics 33(3), 375–400.
Lipton, M. & Lorsch, J. (1992) A modest proposal for improved corporate governance. The Business Lawyer, 48(1), 59-77.
Manini, M.M., Abdillahi, U.A., & Hardy, L. (2014). Corporate governance mechanisms and internet financial reporting in Kenya. International Journal of Research in Management Sciences, 2(4), 35-51.

Mohammad, N. & Hassan, R. (2016). Determinants of internet financial reporting among listed companies in Bangladesh. Conference Paper, 1-19. Retrieved from https://www.researchgate.net/publication/310496842

Monday, I. I. & Nancy, A. (2016). Determinant of voluntary disclosure quality in emerging economies: Evidence from firms listed in Nigeria Stock Exchange. International Journal of Research in Engineering & Technology, 4(6), 37-45.

Mustafa, M.O.A & Lasisi, T.K. (2018). Determinants of internet financial reporting: Evidence from selected companies listed on Nigeria stock exchange. International Journal of Innovative Research and Advanced Studies, 5(1), 232-241.

Oyelere, P., Laswad, F. & Fisher, R. (2003). Determinants of internet financial reporting by New Zealand companies. Journal of International Financial Management and Accounting, 14(1), 26-63.

Thangatorai R., Jaffar, R. & Shukor. Z.A. (2011). The effect of corporate governance mechanism on the voluntary internet financial reporting: A case of Malaysia. Recent Advances in Management, Marketing and Finances,

Vafeas, N. (1999). Board meeting frequency and firm performance. Journal of Financial Economics, 53(1), 113-42.

Wallace, R.S. & Cooke, T.E. (1990). The diagnosis and resolution of emerging issues in corporate disclosure practices. Journal of Accounting and Business Research, 20(78), 143-151.

Yap, K., Saleh, Z, & Abbesi, M. (2011). Internet financial reporting and corporate governance in Malaysia. Australian Journal of Basic and Applied Sciences, 5(10), 1273-1289.

Yatim, P., Kent, P. & Clarkson, P, (2006). Governance structures, ethnicity and audit fees of Malaysian listed firms. Managerial Auditing Journal, 21(7), 757-782.

Yermack, D. (1996). Higher market valuation for firms with a small board of directors. Journal of Financial Economics, 40, 185-211.

Yusuf (2013). Internet corporate financial reporting: A study of quoted Nigerian companies. African Journal of Accounting, Auditing, and Finance, 2(3) 233-259.

APPENDIX 1

A. Financial Information Disclosure Checklist

S/N	Content
1	Quarterly report of current year
2	Quarterly report of past years
3	Half-year report of current year (interim statements)
4	Half-year report of past years (interim statements)
5	Annual report of current year(full text)
6	Annual report of past years (full test)
7	Annual report of current year (excerpt)
8	Annual report of past years (excerpt)
9	Auditor report of current year
10	Auditor's report of past years
11	Statement of Financial Position (Balance Sheet) of current year
12	Statement of Financial Position (Balance Sheet) of past years
13	Income statement of current year (Profit and loss account)
14	Income statement of past years
15	Cash flow statement of current year
16	Cash flow statement of past years
17	Notes to financial statements for current year
18	Notes to financial statements of past years
19	Segmental reporting by line of business in current year annual Report
20	Summary of key ratio over at least three years
21	Five Years Financial Summary
22	Accounting policies
23	Information providing a dividend reinvestment plan
24	Value Added Statement
25	Chairman's Report
26	Annual Report in PDF format
27	Annual Report in HTML format
28	Members of the Board of Directors
29	Statement of Changes in Shareholders' Equity
30	Corporate Social Responsibility Report
31	Historical share prices
32	Code of conduct and ethics for directors, officers and employee
33	Shareholder information
34	Directors shareholding information
35	Annual general meetings information
36	Link to Nigeria Stock Exchange websites
37	Projected information

Source: Adapted from Salawu (2012)