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CORPORATE VALUE REPORTING AND VALUE OF QUOTED NON-FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

The study is centered on corporate value reporting and stakeholders perception of quoted firms in Nigeria. Informational disclosure to investors is the main goal of corporate reporting. The annual report, which is the primary vehicle for corporate reporting, is now also recognized by businesses as having media value, which is an effective channel for communicating with their stakeholders. Building a firm's reputation also benefits from reporting. Additionally, value reporting, is a new kind of reporting where words are just as significant as numbers. The study used secondary method of data collection from the annual reports and corporate website of the selected quoted firms in Nigeria. Data collected from the quoted firms consist from 2018 to 2021 financial year. The population of this study is made up of all 170 quoted firms on the Nigeria stock exchange (NSE) as at 1st March, 2021, however 2 firms were delisted which brings the Number to 168 listed firms. The sample size that is used for the study was 28 selected quoted firms in Nigeria Stock Exchange (NSE) as 1st March 2021. The sample size was arrived using convenience and purposive sampling techniques. The study concluded that corporate value reporting of quoted firms in Nigeria will increase the value of the firm and also increase the stakeholder's awareness of the firms' growth from their annual report and also through the firms' media communication which is an effective channel of communication.

Keywords: Corporate Reporting, Value Reporting, Firm Value, Firms, and Nigeria

INTRODUCTION

Informational disclosure to investors is the main goal of corporate reporting. The annual report, which is the primary vehicle for corporate reporting, is now also recognized by businesses as having media value, and they have come to the understanding that it is an effective channel for communicating with stakeholders. Building a firm's reputation also benefits from reporting. Additionally, value reporting, is a new kind of reporting where words are just as significant as numbers, has been more popular in recent years, (Moll, 2022). By widening corporate reporting, the value reporting model aims to help businesses identify and satisfy analysts' and investors' demands for pertinent data on value drivers, intangible assets, and projected future cash flows. Corporate reporting as identifies the following as the key qualitative characteristics of good corporate reporting to include relevance and materiality, completeness, reliability, comparability and verifiability. Corporate reporting, the regulation continues, also needs to be timely and understandable. In reporting the firms firm's financial performance to stakeholders and other users of the annual financial report, the firm need to provide high level of quality reporting.

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Corporate value reporting serves as a communication tool between management and stakeholders. The management shares pertinent quantitative and qualitative information with the various stakeholders so they may make decisions. Improved information disclosure fosters openness, which raises the firm's reputation and inspires investor trust, supporting an investor-friendly market (Pandit, 2021). Published Corporate Annual Report is regarded as the most important source of information about the firm's affairs, even though information about the firm's affairs can be communicated through other media like financial press releases, interim reports newspapers, business and industry journals, and so on, (Pandit, 2021). The quality of reporting adopted by a firm will determine the level of stakeholders' perception about the firm. In corporate reporting the firm should disclose reasonably the firms' reputation, firm value, firm size and the audit firm size and so on, as this may increase stakeholders' perception about the reputation of the firm.

A solid reputation makes stakeholders believe in the firms operation, as in the same way a bad reputation makes stakeholders to see the firm corporate image as bad. The firm's appearance in disclosing the firms operational activities in their annual report gives them a stronger effect and good standing among the public than providing annual reported that is padded, which does not represents the true financial performance of the firm (Carroll, 2004). Again, reputation is measured on the awareness, sentiment, and attributes of a firm. The way stakeholders feel when they perceive the activities of a firm. A good reputation is very hard to copy, because for competitors it is very hard to determine the firm's secret ingredients are which makes the firm's reputation a competitive advantage. According to Roberts, and Dowling, (2002) asserted that, firms with better corporate reputations are better able to sustain superior financial performance outcomes over time. A good corporate firm's reputation is equal to money as indexes of financial performance to the firm which may motivate stakeholders in placing more value on the firm base on the profitability as an indicator.

Profitability is an important firm characteristic that are believed can affect firm value. Profitability explains the firm's ability to earn profits in a certain period (Hermuningsih, 2012). Mahboub (2017) found that profitability has no significant impact on firm value, however Hassan and Bello (2013) found that profitability have positive and significant impact on firm value. These might happen because firms that earn more profit tend to disclose more information to improve corporate value reporting, to distinguish them from firms with worse performance who may not engage fully on sustainability responsibility (Putri, & Indriani, 2019; Uwhejevwe-Togbolo, 2021). In the view of the authors, profitability may increase the firm value of a business

The firm value is crucial since it directly correlates with the success of the stakeholders (Brigham, 2006). Increased stock prices also translate into higher corporate values. Increasing business value is something that stakeholders want since it indicates more investor's prosperity. The stock price, which is a reflection of investment choices, financial management, and asset management, displays the wealth of shareholders and the firm. Future plans for the business include boosting corporate value. The owners' degree of wealth serves as a proxy for the high business value.

The investors' primary concern has likewise shifted to the corporate value. The business value itself may be used to determine the extent of stakeholders and investor prosperity. It implies that the firm value has evolved into a performance metric for the finance manager in the organization. According to investors' perceptions, a greater stock price will result in a higher firm value as well since firm value is typically correlated with stock price. Maximizing assets or business value is one of the firm's primary objectives. The primary objectives of the corporation have evolved to include improving shareholder prosperity, which goes hand in hand with increasing firm value. The firm size matters in this direction in some instance to increase the firm value.

The firm size may also affect the quality of the firm's corporate value reporting. The relationship between firm size and stakeholders perception as a metric for achieving high performance is due to the larger firm's desire to maintain its track record of giving investors and users of its financial statements high-quality accounting information. Compared to small businesses, large businesses are more likely to take advantage of economies of scale and have more negotiating leverage with customers and suppliers (Abdullahi, Enemali, Duna, & Ado, 2019; Serrasqueiro, & Nunes, 2008, Uwhejevwe-Togbolo, 2021). The audit firm size of a firm is believed to disclose more information about the firm than the small audit firms.

Padri, and Molina, (2015) suggested that large audit firms are more likely to disclose going-concern problems because they have more wealth at risk from litigation. Alareeni, (2018) showed that opinions issued by large auditing firms are more accurate and give more informative signals of financial failure than opinions by less experienced auditors (small firms). Bauwhede, Willekens, and Gaeremynck (2003) argued that (Big Four) audit firms are more competent because they use standardized audit methodologies and training programmes throughout the world. Geiger, and Rama (2006) found that both Type I and Type II error rates for Big Four audit firms are considerably lower than the error rates for non-Big four firms. Researchers believe that the enhanced audit quality big audit firms deliver is a product of their brand-name quality (Pittman & Fortin, 2004). Since audit firm size contributes to quality audit, it can be said that the end product of quality audit is quality corporate value reports.

Corporate value reporting as a driver that produce an effective disclosure to stakeholders through the annual reports which represents the words of communicating the firms performance to the stakeholders is very essential to the present day firms. The objective of this study is on corporate value reporting and value of quoted non-financial firms in Nigeria. There is little research work in this area of corporate value reporting the current study seeks to feel the gap in knowledge on the current subject on corporate value reporting and firm value of quoted non-financial firms in Nigeria as this study will help in assisting other researchers in their future study in this area.

STATEMENT OF PROBLEM

In this present time of economic hardship in and around the country, it is necessary for to have a better operating network of a firm to stay in business perpetually. The preparations of corporate value report brings about good reputation in the mind of stakeholders and when stakeholders are satisfy with a firm's reputation, it will prompt them to invest in such a firm. Corporate value reporting serves as a communication tool between management and stakeholders. The management shares pertinent quantitative and qualitative information with the various stakeholders so they may make decisions. Improved information disclosure fosters openness, which raises the firm's reputation and inspires investor trust, supporting an investor-friendly market

(Pandit, 2021). Published Corporate Annual Report is regarded as the most important source of information about the firm's affairs, even though information about the firm's affairs can be communicated through other media like financial press releases, interim reports newspapers, business and industry journals, and so on. However, the problem of stakeholders to ascertain a quality corporate value report on a firm is seen as a problem as most firms do no published their annual report as at when due. This may be as a result of the firm's value, firm size, and audit firm size and so on. Again, for a firm to build a reputable reputation in the mind of stakeholders is another challenge. The following research questions were formulation for the study:

1. What is the relationship between firms' reputation and firm value of quoted non-financial firms in Nigeria?
2. What is the relationship between profitability and firm value of quoted non-financial firms in Nigeria?
3. What is the relationship between firms' size and firm value of quoted non-financial firms in Nigeria?
4. What is the relationship between audit firms' size and s firm value of quoted non-financial firms in Nigeria?

METHODOLOGY

The study examined corporate value reporting and value of quoted non-financial firms in Nigeria. To accomplish this goal, the study used secondary method of data collection from the annual reports and corporate website of the selected quoted firms in Nigeria. The secondary data were acquired from the annual reports of the listed firms in Nigeria Stock Exchange (NSE) at the state office and the corporate website of the listed firms. Data collected from the quoted firms consist from 2018 to 2021 financial year. The financial year of 2018 to 2021 was used because of the heightened interest and accelerated corporate value reporting time lag knowledge observed within this period.

The population of this study is made up of all 116 listed non-financial firms on the Nigeria stock exchange (NSE) as at 1st March, 2022. The firms are classified into six sectors in line with the current Nigeria Stock Exchange (NSE) divisional classification of firms. The divisions include: Basic materials and industrials (34 firms); Consumer services (25 firms); Healthcare (11 firms); Oil and Gas (15 firms); Technology and Telecommunication (11 firms) and Consumer goods (20 firms).

The sample size that is used for the study was 28 selected quoted firms in Nigeria Stock Exchange (NSE) as 1st March 2022. The sample size was arrived using convenience and purposive sampling techniques. The technique was adopted to enable the study accessed the firms in each divisional classification by employing John Curry rule of thumb (Curry, 1984) which is obtainable in table below:

Table 1: John Curry Rule of Thumb

Population Size	Sampling Percentage
0-100	100%
101-1,000	10%
1001-5,000	5%
5001-10,000	3%
10,000+	1%

Table 2: Sample Size Determination

S/N	Divisions	No. of Firms	Proportion (%)	No of Firms Sampled
1.	Basic materials and industrials	34	29.3	8
2.	Consumer services	25	21.6	7
3.	Healthcare	11	9.5	2
4.	Oil and Gas	15	12.9	3
5.	Technology and Telecommunication	11	9.5	2
6.	Consumer goods	20	17.2	6
Total		**116**	100	**28*4=112**

Source: Computation of Authors (2022)

Also, a linear regression analysis was adopted. The option of a linear regression analysis is as a result of its repeated usage in prior studies for analyzing corporate reporting and firm value of listed companies (Emeh & Appah, 2013). Again, (Shukeri & Islam, 2012) stated that, it helps to in the solving hypothetic nature of sampled firms.

Model Specification

In the direction of measuring the relationship between corporate value reporting and value of quoted firms in Nigeria, an econometric model was adapted from the prior studies of Adedeji, Soyinka, Sunday, Adegoroye, and Gbore, (2020). The relationship between the dependent and independent variables is written in functional form as follows:

$$V = f(FR, PR, FS, AFS) \quad \ldots\ldots \ \ldots\ldots. (1)$$

This can be re-specified in an econometric form thus:

$$Vit = \beta 0 + \beta 1FRit + \beta 2PRit + \beta 3FSit + \beta 4AFSit + \mu it \quad \ldots\ldots\ldots\ldots\ldots\ldots. (2)$$

Where;

V= value is measure by Tobin Q (Market Cap. divided by Total Asset)

CVR= Corporate Value Reporting (measured as dummy variable, firm that perform CVR is "1" firm that is not "0").

FR = Firm Reputation (measured by *analyzing a company's stock prices, financial statements, and brand loyalty*).
PR= Profitability (measured by profit after tax divided by the total assets)
FS = Firm Size (measured by the natural log of total assets of company).
AFS = Audit Firm Size (measure by using a dummy variable of 0 and 1 with 0 representing non big four auditor and 1 representing big four auditor)
β0 = Intercept of the regression line, regarded as constant.
B1-4= Coefficient of the independent and control variables.
μ= Error term that represent other independent variable.
i = firm and
t = year or period

shown in Panel B of Table 3. As hypothesized, CVR has a significant association with the firm value. The result confirmed there is a positive association between CVR and firm value in Nigeria firms, which suggests that, firms that are involve in corporate value reporting are more likely to have a quality value from stakeholders. This finding was further validated by the regression analysis results in (Table 4).

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529[a]	.280	.246	.06057
a. Predictors: (Constant), AFS, PR, FS, CVR, FR				

Table 3: Panel A. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
V	112	.02	.32	.2196	.06973
CVR	112	0	1	.68	.469
FR	112	1.21	5.10	2.6587	.79422
PR	112	1.24	6.14	4.2963	1.12949
FS	112	1.881	3.092	4.97	4.766
AFS	112	0	1	.39	.491
Valid Number N (Listwise)	112				

The model above captured Value (V) as dependent variable while Corporate Value Reporting (CVR), control variables are Firm Reputation (FR), Profitability (PR), Firm Size (FS) and Audit Firm Size (AFS).

The regression analysis results indicate a level of significant effect of CVR on V at a significant level of 1% (CVR is 0.93). While the Firm size has a negative significant relationship of CVR on V, the significant level of firm size is 0.00. The result also

Panel B. Pearson Correlation

Variables	FV	CVR	FR	PR	FS	AFS
V	1					
CVR	.038	1				
FR	.244**	.078	1			
PR	.344**	-.270**	.007	1		
FS	-.117	.121	.497**	.029	1	
AFS	.074	.240*	.237*	-.003	.217*	1

**. Correlation is significant at the 0.01 level (2-tailed).
While *. Correlation is significant at the 0.05 level (2-tailed).

Tobin's Q as the proxy of value has a mean value of 0.2. Firms Size has an average of -0.117. The standard deviation for Tobin's Q 0.069 and for firm size is 496. The mean and standard deviation for CVR are 0.68 and 0.47 respectively. The mean values and standard deviation for the rest of the variables are 2.65, 0.79, 4.30, 1.13, 0.39 and .491 for FR, PR, and AFS, respectively. The maximum value of 0.32 suggests that collinearity among variables is low, indicating that there is no chance of a multicollinearity issue. The descriptive statistics shows that the minimum values is also low. The minimum values of all the variables were low (0). The Pearson correlation among the variables is indicates that FR, PR, AFS has negative and positive significant relationship on V with the significant value of (0.00, 0.00 and 0.819) respectively. The result indicated that there is a positive and significant relationship between AFS on V.

DISCUSSION OF FINDINGS

The study agrees with the null hypothesis as tested in the regression analysis that firms' reputation has no significant relationship on firm value of quoted non-financial firms in Nigeria, with a significant value of 0.000. It was also seen in the analysis that profitability has no significant relationship on firm value of quoted non-financial firms in Nigeria with a

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.028	.033		.829	.409
	CVR	.022	.013	.150	1.693	.093
	FR	.035	.008	.397	4.134	.000
	PR	.024	.005	.391	4.555	.000
	FS	-4.893E-11	.000	-.349	-3.631	.000
	AFS	.003	.012	.020	.229	.819
a. Dependent Variable: V						

significant value of 0.000 which indicates that value is not predicated on profitability. Furthermore, the regression analysis also indicated that firms' size has no significant relationship on firm value of quoted non-financial firms in Nigeria with a significant value of 0.000 level of significant. However, the analysis revealed a there exist a relationship between Audit firms' size and firm value of quoted non-financial firms in Nigeria with a significant value of 0.819 level of significant. In the study area as it concerns the firms that was studied, there was a positive indication that the firms has a positive image amongst their stakeholders of the firm value and corporate value reporting. Again, it was established that the public has a strong confidence in firms that report their CVR. Additionally, the sampled firms have strong financial basics in terms of profitability, firm reputation, and risk management. However, a prudent investor need to study the published report of firms carefully. It has been observed by stakeholders that firms that have weak corporate value reporting practices tend to disclose higher corporate social responsibility information (overstatement), because of the firm's desire to seek legitimacy, hence the AFS reputation is needed to curb overstatement (Shalihin, Suharman, & Hasyir, 2020).

Although most research did not use the current terms of corporate value reporting rather they use various terms to indicate theirs which is corporate governance, social responsibility (SR) reporting and firms value, however, the terms are inter related. In some of the studies, research shown a relationship between SR and V, and they have also demonstrated how important this relationship is. As seen in the regression analysis that indicates that there is a positive relation between corporate value reporting and firms value. Again, Black, Hideaki, Jang, Johnson, and Kim (2003) opine in that corporate governance is an important factor of explaining the market value of companies. The authors, establish in their study that there was a positive and significant relationships between corporate governance index and firm value. There is a constant backing to endorse the concept that good corporate governance would upsurge the value of the firm (Bauer, Guenster, & Otten, 2004). It is therefore necessary for firm to be involve in corporate value reporting in other to boost the firm value reporting.

CONCLUSION

The study is to examine corporate value reporting and firm value of quoted firms in Nigeria. It was revealed form the findings that there is positive level of significant effect between CVR and FV. Although the study established that there is no relationship between the firm's reputation, firm's profitability and firm's size on the firm value, based on the null hypothesis which indicates that a firm that have a good governance of corporate social responsibility will always act in the policy of the firm's corporate social responsibility that will bring about the firm value and firm reputation which will in turn improve on the profitability of the firm. The study established that there is need for the firms to disclose their corporate value reporting in other to improve the firms' value which have a positive effect on the firm reputation, firm size and firms' profitability. Consequently, corporate value reporting of quoted firms in Nigeria will increase the value of the firm and also increase the stakeholder's awareness of the firms' growth from their annual report and also through the firms' media communication which is an effective channel of communication.

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