International Journal of Trend in Scientific Research and Development (IJTSRD)
International Open Access Journal
ISSN No: 2456 - 6470 | www.ijtsrd.com | Volume - 1 | Issue – 5

Effect of Stakeholder Power on Employee Information Disclosure of Nigerian Listed Firms

Ilechukwu, Felix Ubaka
Bursary Department
Chukwuemeka Odumegwu Ojukwu University

Prof. M. S. Ifurueze
Department of Accountancy,
Chukwuemeka Odumegwu Ojukwu University

ABSTRACT

This study investigates the effect of stakeholder power as one of the three-dimensional framework of corporate social responsibility disclosure. The proxy for employee-related information is the number of sentences used to report issues about the employee in the annual report. The stakeholder variables are decomposed into number of employees, individual shareholders, majority shareholders, institutional ownership and presence of foreign portfolio investors. However, individual shareholders were excluded because of high co linearity with institutional ownership. The data was extracted from the annual reports of selected 50 quoted firms for a period of three (3) years from 2011 to 2013. Descriptive statistics, correlation and pooled OLS regression analyses were performed. The results indicated among others that Nigerian firms used a range of 6 to 19 sentences to disclose employee-related information in annual reports. It also showed that majority shareholders control about 71% of the corporate interest in Nigerian quoted firms while foreign interest was found in about 62% of all the quoted firms in Nigeria. Further analyses with the OLS indicated that stakeholder power significantly explains 10% the reasons for the disclosure of employee-related information in the annual report of firms. Specifically, the results of the hypotheses testing showed as follows: the number of employees has negative but insignificant effect on employee information disclosure in Nigeria. The quantity of employee-related information made available to the public in the annual reports in Nigeria; Presence of majority shareholding significantly reduces CSR disclosure of employee-related information in Nigeria by 7.4%; Presence of institutional ownership tends to increase but has no significant effect on the quantity of employee-related information made available to the public in the annual reports in Nigeria; and Presence of foreign portfolio investors tends to increase but has no significant effect on the quantity of employee-related information made available to the public in the annual reports in Nigeria. Finally, the ranking of the beta showed that majority shareholding has the highest contribution and thus most influential factors in the disclosure of employee-related information. Based on the findings it was concluded that majority shareholding which forms the major interest in Nigerian quoted firms is highly significant in determining the quantity of employee-related information disclosed. The study thus recommended among others, that the regulatory authority should specify the level of information about employee which should be made available in annual reports and other channels.

Keywords: *Employee-related information, stakeholder power, Nigeria, three-dimensional framework of corporate social responsibility disclosure*

INTRODUCTION

Background to the Study

From the time of Ullmann (1985), four decades ago, it has become an issue of interest asking corporate organisations to disclose their Corporate Social

Responsibility activities. The idea of Social responsibility disclosures consist of information pertaining to the relationship between a company and its surrounding physical and social environments (Deegan and Gordon, 1996). These disclosures relate to energy production, environmental concerns, ethical practices, human resources and community contribution (Hackston& Milne, 1996; Milne & Adler, 1999; Wilmshurst& Frost, 2000). This study has focused on the disclosure of human resource development by corporate organisations.

The idea of human resource development has to do with the condition of service available to the employees of Corporate Organisations. Voluntary employee-related, or 'human resource' disclosures, include information on occupational health and safety issues, career, community, employee relations, training and development, employee share plans, housing, employee welfare and work place agreements (Deegan, Rankin & Tobin, 2002; Hossain, Islam, & Andrew, 2006).

All these embodiments of corporate condition of services forms part of the intangible resources of Corporate Organisations, alongside the intellectual property rights, manufacturing procedures or organizational structure. These issues can become visible to investors within corporate reports. Some firms have however practically attempted to capture the value of these intangible resources as they believe it will help them cope with the changing business conditions revealed by globalization, the improvement of competition and increasing customer demands (Klein, 1998).

Statement of the Problem

There has been a divide in empirical literature on the effect of stakeholder power on corporate social responsibility disclosures which has led to a conflicting finding on the Stakeholder power and CSRD. Some group of researchers posited positive relationship between corporate social responsibility disclosure (CSRD) and stakeholder power (Naser, Al-Hussaini, Al-Kwan & Nuselbeh, 2006; Prado-Lorenzo, et al, 2009; Yao, Wang & Song, 2011), while others claimed that stakeholder power have negative effect on corporate social responsibility disclosure (Liu & Anbumozhi, 2009; Brammer & Pavelim, 2008; Hussainey, Elsayed &Razik, 2011). These differences in results exist despite that all the studies employed OLS multiple regression technique in their studies. However, since these studies were done outside Nigeria, the major gap this study wants to fill becomes to re-investigate the stakeholder power and CSRD nexus in Nigeria to see if our result will affirm or negate prior studies using Nigeria data and setting.

Objective of the Study

The main objective of this study is to examine the extent to which stakeholder power affect employee information disclosure in Nigeria. The specific objectives are:

1. Assess the effect of number of employees on employee information disclosure in Nigeria.
2. Determine the effect of individual shareholders on employee information disclosure in Nigeria.
3. Investigate the effect of majority Shareholding on employee information disclosure in Nigeria.
4. Examine the effect of institutional ownership on employee information disclosure in Nigeria.
5. Assess the effect of foreign investors on employee information disclosure in Nigeria.

Research Hypotheses

Ho_1: Number of employees has no significant effect on employee information disclosure in Nigeria.

Ho_2: Presence of individual shareholders has no significant effect on employee information disclosure in Nigeria.

Ho_3: Presence of majority Shareholding has no significant effect on employee information disclosure in Nigeria.

Ho_4: Presence of institutional ownership has no significant effect on employee information disclosure in Nigeria.

Ho_5: Presence of foreign investors has no significant effect on employee information disclosure in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Corporate Social Responsibility (CSR) Disclosure

The term disclosure is derived from the word "to disclose" which is synonymous to reveal, unveil, expose, report or uncover and so on. Thus, the idea of CSR disclosure is to make public the activities of firms for the entire stakeholder to be aware of its activities and overall state. There are so many definitions of Corporate Social Responsibility (CSR) Disclosure resulting from different facets of green/environmental accounting concept. The nomenclature has taken several names for different authors/researchers. Such terms include triple-bottom-line, socially responsible accounting, sustainable development, mega-accounting, and social and environmental accounting/accountability corporate social and environmental Disclosure (Setyorini&Ishak, 2012).

Ebimobowei (2011) noted that CSR disclosure is concerned with the development of measurement system to monitor social performances. It is rational assessment of and reporting on some meaningful domain of business organizations activities that have social impact. Gray, Koury and Lavers (1995) defined CSR disclosure as the "preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities and, where, possible the consequences of those interactions and activities". Alexander and Britton (2000) viewed CSR disclosure as the reporting of those costs and benefits which may or may not be quantifiable in money terms, arising from economic activities and substantially borne or received by the community at large or particular groups not holding a direct relationship with the reporting entity.

Dego (1985) cited in Onyekwelu & Uche (2014) defined CSR disclosure as the measurement and reporting of internal and external information concerning the impact of an entity and its activities on a society. CSR disclosure provides a framework to listen to what people the stakeholders- have to say about an organization, the value it holds, the services it renders or delivers and the impact it has on the social environment and economic objectives.To sum it up, CSR disclosure , as an evolution method stands out from others because of its ability to engender social accountability through an independent panel, that is , the audit bit (social Creditor) that does not even provides an additional to the process (Selvi, 2007).

CSR disclosure is the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within the society and to society at large (Gray, Owen & Adams, 1996). Hooghienstra (2000) and Patten (2002) defined CSR disclosure as a method of self-presentation and impression management, conducted by firms to ensure various stakeholders are satisfied with their public behaviour. Selvi (2007) thus noted that CSR disclosure engages the stakeholders of an organization but noted that like any other accounting system, to be effective, CSR disclosure must be customized to the need of each organization

Alexander and Britton (2000) postulates that social responsibility accounting is the reporting of those costs and benefits which may or may not be quantifiable in money terms arising from economic activities and substantially borne or received by the community at large or particular group not holding a direct relationship with the reporting entity.

As noted by Hussainey, Elsayed and Razik (2011), the most comprehensive definition for CRS is given by Rizk, Dixon and Woodhead (2008:306). They define CSR as:

> *"The process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly) firms; beyond the traditional role of providing a financial account to the owners of capital, in particular shareholders. Such an extension is predicated upon the assumption that firms do have wider responsibilities than simply to make money for their shareholders."*

Summarily, all the above definitions have explained that CSR disclosure aims to communicate to the stakeholders the social and environmental effect of the firms and their activities to the society.

Items and Channels of Corporate Social Responsibility (CSR) Disclosure

Wallace and Naser (1995) defined disclosure as an abstract construct that one could not determine its intensity or quality since it does not possess own inherent characteristics.Thus, it follows that there is lack of consensus of measurement methodology for CSR disclosure.

However, some items of measurement of Corporate Social Responsibility Disclosure has been identified based on the forms of information affecting the interest of selected groups of stakeholders of firms. In a study of the factor influencing social responsibility disclosure by Portuguese companies, Branco and Rodrigues (2008) as cited in Ajide and Aderemi (2014), outlined four corporate social responsibility disclosure scores to include environmental issues, human resources, product quality and consumer relation and community involvement. Hussainey, Elsayed, and Razik (2011) however adopted a five model for CSR which grouped CSR as environment, human resource, community, energy and product/customer. Fodio, Abu-Abdissamad and Oba (2013) identified five groups to include staff strategy, social investment, environment, customer and supplier, and community and political involvement.

The concepts of these types of Corporate Social Responsibility disclosures are defined in Hussainey, Elsayed, and Razik (2011:14-15), as follows:

i. **The environment**: This theme can be defined as those disclosures that explain the company' activities within the environment. These activities include efforts to reduce emission of chemical into the air or water, compliance with the environment act and implementation of environmental techniques.
ii. **Human resources**: This theme includes social information directed toward the wellbeing of employees. These activities include improvement practice, training program, working condition, and provision for job enrichment schemes and employees' pension plan. This is called employee-related disclosures, on which the present study is based.
iii. **Community involvement**: This theme includes education, sponsoring sport, cultural activities, health and safety.
iv. **Energy**: This theme includes disclosure that provides information on how the companies generate their energy source specifically if their efforts conform to environmental friendly measures. This theme may have lower disclosure in its own right as there are many of these disclosures that can be subsumed within the environmental theme.
v. **Customer, product:** This theme includes customer satisfaction, customer feedback, customer health and safety, product quality and so on.

Information disclosure to the various interest groups can be achieved through certain channels. Healy and Palepu (2001) have identified the regulated financial reports, including the financial statements, footnotes, management discussion and analysis, and other regulatory filings as the major channel for corporate disclosure. They further noted that some firms engage in voluntary communication, such as management forecasts, analysts' presentations and conference calls, press releases, internet sites, and other corporate reports. Healy and Palepu again said that there are disclosures about firms by information intermediaries, such as financial analysts, industry experts, and the financial press.

Supporting Healy and Palepu (2001), Al-Shammari (2008) surmised that annual reports are used as a medium for communicating both quantitative and qualitative corporate information to shareholders, investors and other users. In addition, information disclosure in annual reports is a strategic tool, which can enhance the company's ability in raising capital at the lowest possible cost (Healy &Palepu, 2001).

In the words of Singhvi and Desai (1971), the quality of corporate disclosure in annual financial report considerably influences the extent and quality of investment decisions made by investors. Annual reports are commonly regarded as an important means of acquitting accountability in the corporate and government sectors and often are one of the means by which sectors can improve stakeholders' perceptions of their accountability. Flack and Douglas (2007) noted that annual reports were known as the annual reporting behaviours of a firm and it has ability to improve the perceptions of accountability among stakeholders and the wider community.

Stakeholder Power

Freeman (1984) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the firm's objectives". In a more precise sense, Mitchell, Agle and Wood (1997) provided a model for stakeholder identification, based on stakeholder importance. Stakeholder importance is seen as a combination of the stakeholder attributes of power, urgency and legitimacy. Mitchell, Agle and Wood (1997) say that stakeholder power means that a stakeholder can get the company to do something that it would not otherwise have done. Urgency in the manager-stakeholder relationship is where stakeholders want their wishes to be fulfilled quickly. Legitimacy in the stakeholder-manager relationship is where certain actions fit within the expectations and demands of the other party, manager or stakeholder, and where the actions are reasonable within a subsystem. Legitimacy of these stakeholders is their moral right, over and above the legal context, to intervene in the life of the firm. The combination of the three attributes prioritises what constitutes the interests and needs of salient stakeholders for a firm. The stakeholders include shareholders, creditors, employees, customers, suppliers, local communities etc. whose behaviour is therefore perceived as a constraint on corporate strategy. They are not intrinsically hostile to the firm but may become so if their interests do not converge.

Theoretical Framework

This study is based on Stakeholder theory to explain the nexus between the organisation and its operating environment. Stakeholder theory contends that managers have a moral obligation to consider and appropriately balance the interests of all stakeholders (Freeman, 1984), and this is the dominant paradigm of corporate social responsibility (Saint, 2005). The stakeholder theory has been explained from various perspectives which include Descriptive, Instrumental, Normative, and Managerial Thesis (Donaldson & Preston, 1995). In a descriptive sense, stakeholder view is empirical in nature and can describe the nature of corporate environmental reporting behaviour (Wangombe, 2013).

Donaldson and Preston (1995) maintained that instrumental stakeholder theory measures the extent to which managing stakeholders is conducive to the achievement of commonly asserted organizational goals. Instrumental stakeholder framework establishes whether there is a relationship between the practice of corporate environmental reporting and the achievement of various corporate performance goals or with corporate characteristics (Donaldson & Preston, 1995; Key, 1999). Instrumental stakeholder theory is the most promising candidate for the theoretical development and the link of Stakeholder theory to broader areas of management scholarship (Jones, Wicks, & Freeman, 2002; Key, 1999). Undeniably, Instrumental stakeholder theory dominates academic orientation to stakeholder study (Margolis & Walsh, 2003; Orlitzky, Schmidt, &Rynes, 2003) because it offers a predictive and feedback value, two important measures of a good theory (Key, 1999). However, the instrumental aspect alone offers an incomplete and weak form of Stakeholder theory that precipitates into a mere variant of the shareholder value model (Saint, 2005).

The Normative stakeholder theory perspective is the “fundamental basis” of stakeholder theory (Donaldson & Preston, 1995:68). It contends that all stakeholders have intrinsic value and no stakeholder has a priority of interests over other stakeholders (Donaldson & Preston, 1995) and that there is no reason to treat shareholders in a special way compared to other stakeholders (Boatright, 1994). Donaldson and Preston (1995) argued that this distinctive normative core helps to give shape and substance to the instrumental and descriptive strands. The normative approach views the corporate-stakeholder interplay to be one of responsibility and accountability (Gray, Owen & Adams, 1996), where the organization owes a duty of accountability to all stakeholders but it offers little descriptive or explanatory power to Corporate Environmental Reporting (CER) (Gray, Koury and Lavers, 1995).

In the Managerial thesis, Donaldson and Preston (1995) argue that Stakeholder theory is a basis of managing the stakeholder’s interests and not just describing the situations or predicting causality. Thus, a firm practicing environmental accounting and reporting, including the consideration of environmental matters in the strategy, for instance, is executing a managerial approach of the Stakeholder theory perspective. However, Donaldson and Preston (1995) did not develop the managerial thesis fully yet we need to see Stakeholder theory as managerial, in the sense that managerial issues are intimately connected with the practice of business of value creation and trade (Freeman, 2002).

Based on Dierkes and Antal (1985) conceptual view of corporate social reporting that "publicly disclosed information regarding corporate social responsibility activities provides a basis for dialogue with various business constituencies", Ullmann's developed a contingency framework for predicting levels of corporate social responsibility activity and disclosure.

Ullmann (1985, p. 554) posit that social disclosures are used strategically to manage relationships with stakeholders by influencing the level of external demands originating from many different constituencies. The more critical stakeholder resources are to the success and viability of the organisation, the more likely the organisation will satisfy their demands (Ullmann, 1985).

The study apply Ullmann's theoretical framework to this study of voluntary employee-related disclosures for two reasons. First, the theory allows researchers to identify key stakeholders associated with particular categories of social disclosure rather than focusing on a general range of stakeholders. Second, this theory incorporates an ex ante strategy for companies to manage particular stakeholders rather than ex post management after the company has impaired their social contract with society. Hence it appears that the framework can explain the factors that influence disclosure of employee related information. The three stakeholder dimensions used by Ullmann are stakeholder power, strategic posture and economic performance. This study is anchored on only the Stakeholder power.

Stakeholder power is discussed, explaining that a firm will be responsive to the intensity of stakeholder demands. Ullmann says about stakeholder power that "stakeholders control resources critical to the organization" (Ullmann, 1985:552). Roberts (1992) states that stakeholder power means that a "firm will be responsive to the intensity of the stakeholder demands" (Roberts, 1992:599). A stakeholder's (e.g. employees, owners, creditors, or regulators) power to influence corporate management is viewed as a function of the stakeholder's degree of control over resources required by the corporation (Ullmann, 1985). The more critical stakeholder resources are to the continued viability and success of the corporation, the greater the expectation that stakeholder demands will be addressed. If social responsibility activities are viewed as an effective management strategy for dealing with stakeholders, a positive relationship between stakeholder power and social performance and social disclosure is expected. This suggests that social responsibility activities are useful in developing and maintaining satisfactory relationships with employees of firms. Hence, it is expected that the higher the level of stakeholder power, the more the level of employee-related information disclosure in annual report of firms.

Empirical Studies

Table 1: Summary of empirical literatures on corporate social responsibility disclosure of employee-related information and stakeholders' power

SN	*Author and Year*	*Objectives*	*Scope/Area*	*Variables employed*	*Method of analyses*	*Major Findings*
1	Naser, Al-Hussaini, Al-Kwan, and Nuselbeh (2006)	Factors that explain variation in the extent of corporate voluntary disclosure	sample of 21 listed companies in Qatar	Corporate Social Responsibility Disclosure, government size of ownership and % of individual shareholders; number of majority shareholders who held 10% and more, and % institutional	Pearson Correlation	Positive relationship exist between extent of CSRD and government size of ownership and % of individual shareholders; and negative relationship with number of majority shareholders who

				investors.		held 10% and more, and % institutional investors.
2	Liu and Anbumozhi (2009)	factors affecting the disclosure level of corporate environmental information	sample of 175 Chinese listed companies	environmental disclosure, government power, shareholder power, creditors' power	OLS regression technique	Government power is positively associated with disclosure while stakeholder power and credit power are not associated with CSRD.
3	Prado-Lorenzo, et al (2009)	Extent of shareholder power and ownership dispersion on CSD.	sample of 99 Spanish companies	CSRD, Presence of financial institution in the corporate ownership structure, the presence of a physical person that represents a dominant shareholder and number of independent directors.	Regression and correlation techniques	Presence of physical person as a form of shareholder power influences corporate social disclosure
4	Brammer and Pavelim (2008)	influence of some variables on environmental disclosure	A sample of 447 USA companies	nature of business activity, the corporate environmental performance, corporate size, company ownership, profitability, leverage and board composition	Ordinary Least Square Regression technique	A significant negative relationship exist between ownership structure and disclosure
5	Hussainey, Elsayed, and Razik (2011)	determinants of individual and aggregated types of corporate social responsibility (CSR) information	sample of 111 Egyptian listed companies for the period of 2005–2010	firm size, profitability, liquidity, capital gearing, ownership structure and audit type; CSR as the dependent variables including, CSR related to environment, CSR related to energy, CSR related to human resources, CSR related to product/ customer, and CSR related to	multiple regression techniques	ownership structure do not drive CSR reporting decision

				community		
6	Yao, Wang, and Song (2011)	determinants of corporate social responsibility disclosure (CSRD)	annual reports of over 800 listed firms China on the Shanghai Stock Exchange from 2008 to 2009	firm age, size, media exposure, share ownership concentration and institutional shareholding	content analysis and Regression analyses	CSRD is positively associated with share ownership concentration and institutional shareholding

The review of empirical studies had shown that researchers have adopted a plethora of variables of stakeholder power. These variables included government size of ownership, individual shareholders, number of majority shareholders who held 10% and more, and institutional investors (Naser, Al-Hussaini, Al-Kwan, &Nuselbeh, 2006); government power, shareholder power, creditors' power (Liu & Anbumozhi, 2009); presence of financial institution in the corporate ownership structure, the presence of a physical person that represents a dominant shareholder and number of independent directors (Prado-Lorenzo, et al, 2009); nature of business activity, the corporate environmental performance, corporate size, company ownership, profitability, leverage (Brammer&Pavelim, 2008); firm size, profitability, liquidity, capital gearing, ownership structure and audit type (Hussainey, Elsayed&Razik, 2011); and firm age, size, media exposure, share ownership concentration and institutional shareholding (Yao, Wang, & Song, 2011). The above listings show that despite the fewness of empirical studies in the area, the researchers have variously adopted different models for the study of stakeholder power.

Again, the available reviews are not from Nigerian environment. This might imply that these studies have adopted the variables of stakeholder power peculiar to their economy and the composition of interests in their corporate businesses. Also pertinent of note is the similarity in the method of analyses. The predominant statistical tools of analyses were multiple regressions anchored on the OLS regression technique and the Pearson correlation analyses.

The review however indicated that there is a clear divide on the findings on the effect of stockholders power on corporate social responsibility disclosures. While a group of researchers posited positive relationship between corporate social responsibility disclosure (CSRD) and stakeholder power, others claimed that stakeholder power have negative effect on corporate social responsibility disclosure(CSRD). For instance, the proponents of stakeholder power influenced CSRD found that positive relationship exist between extent of CSRD and government size of ownership and % of individual shareholders; (Naser, Al-Hussaini, Al-Kwan & Nuselbeh, 2006). Also supporting this positive effect of stakeholder power on CSRD is the work of Prado-Lorenzo, et al (2009) which found that presence of physical person as a form of shareholder power influences corporate social disclosure. Equally, Yao, Wang, and Song (2011) posited that CSRD is positively associated with share ownership concentration and institutional shareholding.

Summarily, these studies showed that stakeholder power variables such as government size of ownership, individual shareholders, presence of physical person, share ownership concentration and institutional shareholding have positive effect on the level of CSRD.

On the contrary, authors such as Liu and Anbumozhi (2009), Brammer and Pavelim (2008) and Hussainey, Elsayed, and Razik (2011) posited negative relationship between stakeholder power and CSRD. Also, Naser, Al-Hussaini, Al-Kwan andNuselbeh(2006) equally found negative relationship between some variables of stakeholder power (number of majority shareholders who held 10% and more, and % institutional investors) and CSRD. The gap that this study wants to fill therefore is isolate variables of stakeholder power peculiar to Nigerian corporate business environment to understand the effect of stakeholder power on CSRD in Nigeria.

METHODOLOGY

Research Design

The study adopted ex-post-facto research design to investigate the effect of stakeholder power on corporate social disclosure of employee-related information in financial statements of listed companies in Nigeria. The study used ex-post-facto since the event has taken place. Therefore, the data already existed as no attempt was made to manipulate the relevant independent variables for the study.

Population, Sample and Sampling Techniques

The population of the study is all the 187 quoted firms on Nigerian Stock Exchange (NSE). However, the study adopted a judgemental sampling to exclude the firms in the financial services (57) and utility (none) sectors from the study. The exclusion of financial institutions including insurance firms, banks, and funds are because of the peculiar nature of financial services. Again, the utility sector was excluded because no firm is yet quoted in the NSE as utility company. Thus, the available number of firms from which sample was selected is 130 firms. The researcher again employed judgemental sampling technique to select a sample of 50 firms for the study. Employing further judgmental criteria, the researcher selected at least 2 companies from every 5 companies in an Industry, that is, 2 in 5 from each of the 12 sectors (excluding utilities and financial services sectors). The number of firms selected from each sector is shown on Table 2 below:

Table 2: The Population and Sample selection for the study

SN	Sector	Total Number in the Group	Sample (At least 2)
1	Agriculture	5	2
2	Conglomerates	6	2
3	Construction/Real Estate	9	4
4	Consumer Goods	28	12
5	Healthcare	11	4
6	ICT	9	4
7	Industrial Goods	11	4
8	Natural Resources	5	2
9	Oil and Gas	13	6
10	Services	23	10
11	Financial Services	57	Excluded
12	Utilities	0	Excluded
	Total	187	50

Source: Author's Conception, extract from the list of quoted firms in Nigeria.

Method of Data Collection

The data were collected from the annual reports and financial statement of the selected firms. The data was collected from 50 quoted companies on 13 variables within 3 years report (2011 to 2013) comprising 3250 observations. Content analysis was used to obtain the data for the study. Content analysis as used by previous researchers was expressed numerically according to units such as number of pages, number of sentences (Hackstone and Milne, 1996; Milne and Adler, 1999), and number of words (Neu et al., 1998). Another way to add this variable is to construct a dichotomous variable where the score „1‟ is assigned to firms that report on a specific item, and "0" otherwise. However, in line with the work of Majeed, Aziz and Saleem (2015) in Pakistan, the level of disclosure is measured with the number of sentences used in disclosing employee related information in the annual reports of the selected quoted firms in Nigeria.

Model Specification

The models of the study are based on the theoretical proposition that corporate social responsibility disclosure has linear relationship with the external environment in which the firm reside. This follows that disclosure of employee-related information (EI) is a function of the stakeholders' response. Thus: EI = f(Stakeholders response). Thus, the functional relationship of the model is:

EI = f(NE, IS, MS, I0, PFI) (1)

The equation from the model becomes

$EI_{it} = a_0 + a_1NE_{it} + a_2IS_{it} + a_3MS_{it} + a_4IO_{it} + a_5PFI_{it} + \mu_{it}$ (2)

Where:

EI = Employee-related information

NE = Number of employees proxy by total number of workers excluding the part-time workers in a firm.

IS = Individual % of individual shareholders;

MS = Majority Shareholding proxy by percentage of majority shareholders who held 10% and more, and

IO = Institutional ownership proxy by percentage of institutional investors.

PFI = Presence of foreign investors

μ = Random error term

a = Constant

i = the notation to present number of firms in the model

t = the time period of the time series

a_1, a_2, a_3. a_4, and a_5, are the coefficients of the regression equation.

The specification of the econometric model adopted in this study, is adapted from Naser, Al-Hussaini, Al-Kwan, and Nuselbeh (2006) which used government size of ownership and % of individual shareholders; number of majority shareholders who held 10% and more, and % institutional investors as explanatory variables of stakeholder power. This model also supports Yao, Wang, and Song (2011) which used ownership concentration to model stakeholder power.

In the model as above, Employee information is the dependent variable. The explanatory variables are proxies of stakeholder power and comprise Number of employees (NE), percentage of individual shareholders (IS), percentage of majority shareholders who held 10% and more, (MS), percentage of institutional investors (ownership) (IO) and Presence of foreign investors (PFI).

Method of Analyses

The study is a short-term panel data analyses involving 50 firms for three-year time series each. Thus, the study employed Pooled Ordinary Least Square regression technique to examine the relationship in the model. The Ordinary Least Squares is used in this study because it has been adjudged as Best Linear Unbiased Estimator (BLUE). Tests done using OLS includes r^2, t-test, and F-test. The SPSS version 20, which is computer software for econometric and statistical analysis, was used for the analysis of the model above. The preliminary tests involved multicolinearity using correlation matrix.

PRESENTATION AND INTERPRETATION OF RESULTS

The results of the data analyses is presented and interpreted in this section. The analyses started with the description of the characteristics of variables employed in the study. This was followed with the test of the reliability of the regression analyses based on multicolinearity analyses using the correlation matrix. Then, the model estimation was done using the OLS regression technique.

Table 3: Descriptive Statistics of the variables

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Information	150	4.00	40.00	12.5933	6.78342
Number of Employees	141	3.00	18398.00	831.0142	2576.84217
Individual Shareholder	150	22.00	100.00	80.5600	19.61251
Majority Shareholder	150	23.00	99.00	71.6333	21.50680
Institutional Ownership	150	.00	78.00	19.4400	19.61251
Foreign Portfolio Investors	150	.00	1.00	.6200	.48701

Table 3 above showed that an average of 12.59 sentences were used by the firms in Nigeria to report employee information. The standard deviation indicated that this value is not very wide from one firm to another. This is a range of 6.78 indicating that firms that least disclosed employee-related information have used about six (6) sentences while those that disclosed more used about 19 sentences.

Results on the independent variables show that number of employees between one firm and the other is highly varied indicating that this is a mixture of very large as well as very small firms in quoted firms in Nigeria (standard deviation = 2576.84217 and mean =831.0142). However, the mean and standard deviation indicated that individual shareholders are, on the average, about 80% more than the institutional ownership (shareholders) in Nigerian quoted firms. Furthermore, the majority shareholders that comprising all those that holds the 10% of the total shares of the firms make up about 71.6% of the total shareholders of the firms. The standard deviation of 21.5 indicated that majority shareholders at times control about (71.6 + 21.5) 96% of the total equity interest in these firms in Nigeria. This goes to suggest that shareholding in Nigeria is controlled by the majority few investors. Again, the mean result of the Foreign Portfolio Investors is 0.62 indicating that foreign interest is present in 62% of the quoted firms in Nigeria.

Table 4: Correlation Matrix of the variables

		EI	NE	IS	MS	IO	FPI
Employee Information (EI)	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	150					
Number of Employees (NE)	Pearson Correlation	-.043	1				
	Sig. (2-tailed)	.609					
	N	141	141				
Individual Shareholder (IS)	Pearson Correlation	-.263**	.095	1			
	Sig. (2-tailed)	.001	.265				
	N	150	141	150			

Majority Shareholder (MS)	Pearson Correlation	-.327**	.012	.346**	1		
	Sig. (2-tailed)	.000	.890	.000			
	N	150	141	150	150		
Institutional Ownership (IO)	Pearson Correlation	.263**	-.095	**-1.000****	-.346**	1	
	Sig. (2-tailed)	.001	.265	.000	.000		
	N	150	141	150	150	150	
Foreign Portfolio Investors (FPI)	Pearson Correlation	.162*	.171*	-.203*	-.313**	.203*	1
	Sig. (2-tailed)	.047	.043	.013	.000	.013	
	N	150	141	150	150	150	150
****. Correlation is significant at the 0.01 level (2-tailed).**							
***. Correlation is significant at the 0.05 level (2-tailed).**							

From the result of the correlation matrix on Table 4 above, the correlation coefficients of the independent variables for all except IO – IS correlation, are below 0.5. However, the correlation coefficient for IO and IS indicated perfect correlation with the value of -1.000. As a result of perfect correlation spotted in the IO and IS correlation, the SPSS software excluded one of the variables from the regression analyses (See Appendix 3). Thus, the independent variables employed in the OLS regression are NE, MS, IO and FPI, excluding IS.The result of the OLS regression on Table 5 below is then used to answer the research questions and test the hypotheses of the study.

Table 5: Modes Estimation – Panel OLS Regression Result

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
(Constant)	16.759	2.502		6.698	.000
Number of Employees	-.0008.135	.000	-.031	-.378	.706
Majority Shareholder	-.074	.027	-.240	-2.703	.008
Institutional Ownership	.045	.029	.132	1.528	.129
Foreign Portfolio Investors	.272	1.189	.020	.228	.820
Coefficient of Determination (R^2) = 0.101 **F-Statistics = 3.838** **Probability of F-statistics (p.value) = 0.005**					
a. Dependent Variable: Employee Information					

Table 5 showed the coefficient of determination (R^2) is 0.101. This indicate that about 10% of the changes in disclosure of employee-related information can be explained by the independent variables (number of employees, majority shareholders, institutional ownership and presence of foreign portfolio investors). This implies that about 90% of the factors that causes CSR disclosure for employee-related information is not explained by the stakeholder power of the firms. This tends to suggest that there are other more serious factors to the firms that influence disclosure of employee-related information other than the stakeholder power of the firms. However, the F-statistics (3.838) with probability (0.005) which is less than the 0.05 level of significance indicated that stakeholder power has significant effect on the CSR disclosure of employee-related information in the annual report of firms.

In order to examine the individual contributions and their respective significance to CSR disclosure of employee-related information, the coefficient of regression, beta and t-statistics is used. This sub-section addresses the objectives of the study in line with their respective research questions and hypotheses.

Effect of number of employees on employee information disclosure in Nigeria

The coefficient of regression for number of employees is -.000813. This indicates that number of employees has negative relationship with the quantity of CSR disclosure of employee-related information in corporate firms in Nigeria. Thus, to answer the research question we state that Number of employees has negative effect on the quantity of employee-related information disclosed in annual report such that as the number of employees increase, the firm tend to withhold information about them from the general public.

However, the test of hypothesis with the t-statistics -.378 and probability value of .706 accepted the null hypothesis as the p.value is greater than 0.05. Thus we posit that number of employees has no significant effect on the quantity of employee-related information in the annual reports of listed companies in Nigeria.This suggest that the number of employees does not significantly determine the quantity of employee-related information made available to the public in the annual reports in Nigeria.

Effect of presence majority shareholding on employee information disclosure in Nigeria

For the majority shareholders (MS), the regression coefficient is -0.074. This indicates that percentage of shareholding held by majority shareholders has negative relationship with the quantity of CSR disclosure of employee-related information in corporate firms in Nigeria. The term “majority shareholder” in this study means the number of shareholdings controlled by less than 10% of the total shareholders in the firm. If majority shareholder is high it indicate that few investors (as is the case in this study) controls. In answer to the research question we state that presence of majority shareholders has negative effect on the quantity of employee-related information disclosed in annual report such that as the percentage of majority shareholders increases, the firm tend to withhold information about their corporate operations from the general public. Withdrawal of essential information from the public will tend to put the general public and investors in particular in the dark, and hence distort sound investment decisions.

However, the test of hypothesis with the t-statistics -2.703 and probability value of 0.008rejected the null hypothesis as the p value is less than 0.05. Thus we posit that majority shareholding has significant effect on the quantity of employee-related information in the annual reports of listed companies in Nigeria. This suggests that majority shareholding significantly determines the quantity of employee-related information made available to the public in the annual reports of companies in Nigeria. This study then concludes that presence of majority shareholding reduces CSR disclosure of employee-related information in Nigeria.

Effect of presence of institutional ownership on employee information disclosure in Nigeria

The coefficient of regression for institutional ownership is 0.045. This indicates that presence of institutional investors has positive relationship with the quantity of CSR disclosure of employee-related information in corporate firms in Nigeria. Thus, to answer the research question we state that presence of institutional ownership has positive effect on the quantity of employee-related information disclosed in annual report such that as the number of employees increase, firms tend to increase the extent of employee-related information made available to the general public. Thus a unit presence of institutional investor leads to 4.5% increase in the number of sentences used in the disclosure of employee-related information disclosed in annual report. This implies that presence of institutional investors can be a veritable means to control information disclosure by firms.

More so, the test of hypothesis with the t-statistics 1.528 and probability value of 0.129 accepted the null hypothesis as the p value is greater than 0.05. Thus we posit that presence of institutional ownership has no significant effect on the quantity of employee-related information in the annual reports of listed companies in Nigeria. This suggest that the presence of institutional ownership tends to increase but has no significant effect on the quantity of employee-related information made available to the public in the annual reports in Nigeria.

Effect of presence of foreign investors on employee information disclosure in Nigeria

The coefficient of regression for foreign portfolio investors is 0.272. This indicates that presence of foreign portfolio investors has positive relationship with the quantity of CSR disclosure of employee-related information by corporate firms in Nigeria. Thus, to answer the research question we state that presence of foreign portfolio investors has positive effect on the quantity of employee-related information disclosed in annual report such that as the number of employees increase, the firm tend to withhold information about them from the general public. Thus a unit presence of foreign portfolio investors leads to 27.2% increase in the number of sentences used in the disclosure of employee-related information disclosed in annual report.

However, the test of hypothesis with the t-statistics 0.228 and probability value of 0.820 accepted the null hypothesis as the p value is greater than 0.05. Thus we posit that presence of foreign portfolio investors has no significant effect on the quantity of employee-related information in the annual reports of listed companies in Nigeria. This suggest that the presence of foreign portfolio investors tends to increase but has no significant effect on the quantity of employee-related information made available to the public in the annual reports in Nigeria.

Finally, the result of the beta is used to rank the level of contribution of each of the variables stakeholder power to the quantity of employee-related information disclosed. From results on Table 5 above, the beta can be ranked as shown on Table 6 below:

Table 6: Ranking of Contribution of the Independent variables to the quantity of disclosure of employee-related information

Variable	Beta value	T-value	Rank
Majority Shareholder	-.240	-2.703*	1st
Institutional Ownership	.132	1.528	2nd
Number of Employees	-.031	-.378	3rd
Foreign Portfolio Investors	.020	.228	4th

Source: Extract from Table 5

From the table above, it can be seen that majority shareholding has the highest contribution to the disclosure of employee-related information in Nigeria, followed by institutional ownership, number of employees and then lastly, the presence of portfolio investors. It is worthy of note that majority shareholding which has the highest contribution is the only significant variable in the stakeholder power dimension.

CONCLUSION AND RECOMMENDATIONS

The study has investigated the effect of stakeholder power of corporate firms on employee information disclosure in Nigeria. It has been found that stakeholder power is significant but weak (only 10%) in explaining the quantity of employee-related information disclosed in annual reports. This indicates that stakeholder power dimension is not key major determinant of corporate disclosure of employee-related information among firms in Nigeria. However, that stakeholder power has overall significance implies that policies which enhance stakeholders' power will improve corporate governance in Nigeria. The study equally shows that majority shareholding is the most influencing factors under the stakeholder theory for determining the quantity of employee-related information disclosed. In fact, the higher the majority shareholding interest, the lower the quantity of employee-related information disclosed. This has suggested low level of corporate governance in Nigeria.

The following recommendations are put forward based on the findings and conclusion drawn from the study: The regulatory authority should specify the level of information about employee which should be made available in annual reports and other channels. When practicable, the regulatory authorities should reduce the amount of interest that can be controlled by less than 10% of the total shareholders in a firm. This will go a long way in protecting the interest of the minority shareholders in a firm.

REFERENCES

1) Ajide, F. M. & Aderemi, A. A. (2014).The effects of corporate social responsibility activity disclosure on corporate profitability: Empirical evidence from Nigerian commercial banks. *IOSR Journal of Economics and Finance, 2(6), 17-25.*
2) Alexander, D. & Britton, A. (2000) Financial Reporting. 5th Ed., London: International Thompson Business Press.
3) Al-Shammari, B. (2008) Voluntary disclosure in Kuwait corporate annual reports. *Review of Business Research,*8(1), 62-81.
4) Boatright, J. (1994). Fiduciary duties and the shareholder-management relation: or, what's so special about shareholders? *Business Ethics Quarterly*, *4*(4), 76 – 89.
5) Brammer, S. & Pavelin, S. (2008). Factors influencing the quality of corporate environmental disclosure; *Business Strategy and the Environment, 17(2),* 120-136.
6) Deegan, C. & Gordon, B. A. (1996). Study of the environmental disclosure policies of Australian corporation. *Accounting and Business Research, 26*, 187–199.
7) Deegan, C., Rankin, M. & Tobin, J. (2002). An examination of the corporate social and environmental disclosures of BHP from 1983–1997: A test of legitimacy theory. *Account. Audit. Account. Journal*, *15*, 312–343.
8) Dierkes, M. & Antal, A. B. (1985).The usefulness and usage of social reporting information. *Accounting Organization and Society*, 10(1), 29 – 34.
9) Donaldson, T. & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review, 20(1),*65–91.
10) Ebimobowei, A. (2011). A Study of Social Accounting Disclosures in the Annual Reports of Nigerian Companies. *Asian Journal of Business Management 3(3),* 145-151.
11) Flack, T. & Douglas, E. (2007).*The role of annual reports in a system of accountability for public fundraising charities, PhD Dissertation*, Queensland University of Technology.
12) Fodio, M. I., Abu-Abdissamad, M. A. & Oba, V. C. (2013).Corporate Social Responsibility and Firm Value in Quoted Nigerian Financial Services. *International Journal of Finance and Accounting, 2(7),* 331-340.
13) Freeman, R. E. (1984).*Strategic management a stakeholder approach*. New York: Pitman Publishing Company.
14) Freeman, R. E. (2002), "A Stakeholder Theory of the Modern Corporation", in: L. P. Hartman (ed.), Perspectives in Business (McGraw-Hill, Boston), 171–181.
15) Gray, R. Koury, R. & Lavers, S. (1995). Corporate social and environmental reporting: A review of the literature and longitudinal study of UK disclosure; *Accounting, Auditing and Accountability Journal, 8(2),* 47-77.
16) Gray, R., Owen, D.L. & Adams, C. (1996).Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting. Europe. Prentice-Hall, UK.
17) Hackstone, T. & Milne, K. (1996). Some determinants of social and environmental disclosure in New Zealand. *Accounting, Auditing and Accountability Journal, 9(1),* 77-108.
18) Healy, P. M. & Palepu, K. J. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics, 31*, 405–440.
19) Hossain, M., Islam, K. & Andrew, J. (2006). Corporate social and environmental disclosure in developing countries: Evidence from Bangladesh, Retrieved on 20th March, 2016 from http://ro.uow.edu.au/commpapers /179.
20) Hussainey, K. Elsayed, M. & Razik, M. A. (2011).Factors affecting corporate social responsibility disclosure in Egypt. Accepted for Publication at *Corporate Ownership and Control.* Retrieved on March 12, 2016 from http://alqashi.com/wp/wp-content/uploads/2012/02/Factors-affecting-corporate-social-responsibility-disclosure-in-Egypt.pdf

21) Klein, A. (1998). Firm performance and board committee structure, *Journal of Law and Economics*, 41 (1), 275-299.
22) Liu, X., & Anbumozhi, V. (2009). Determinant factors of corporate environmental information disclosure: an empirical study of Chinese listed companies. *Journal of Cleaner Production, 17*, 593-600.
23) Majeed, S., Aziz, T. & Saleem, S. (2015). The Effect of Corporate Governance Elements on Corporate Social Responsibility (CSR) Disclosure: An Empirical Evidence from Listed Companies at KSE Pakistan. *International Journal of Financial Studies, 3*, 530-556.
24) Margolis, J. D. & Walsh, J. P.(2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48(2), 268-305
25) Milne, M. J. & Adler, R.W. (1999).*Exploring the Reliability of Social and Environmental Disclosures Content Analysis*, Department of Accountancy, University of Otago, Dunedin, New Zealand.
26) Mitchell, R. K. Agle B. R. & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853 – 886.
27) Naser, K. Al-Hussaini, A. Al-Kwan, D. & Nuselbeh R. (2006). Determinants of corporate social disclosure in developing countries: The case of Qatar, *Advances in International Accounting*, *19*, 1-23
28) Onyekwelu, U. L. & Uche, U. B. (2014).Corporate Social Accounting and the Enhancement of Information Disclosure among Firms in Nigeria: A Case of Some Selected Firms in Nigeria. *Journal of Economics and Sustainable Development, 5(6),* 35 – 44
29) Orlitzky, M., Schmidt, F. L. & Rynes, S. L.(2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24 (3), 403 – 418.
30) Patten, D. M. (2002).Media exposure, public policy pressure, and environmental disclosure: An examination of the impact of tri data availability. *Accounting Forum*, 26(2), 152-171.
31) Prado-Lorenzo, J. M., Rodrıguez-Dominguez, L., Gallego-Alvarez, I. & Garćıa-Sánchez, I.(2009). Factors influencing the disclosure of greenhouse gas emissions in companies world-wide. *Management Decision*, 47(7), 1133-1157.
32) Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: an application of stakeholder theory. *Accounting, Organizations and Society*, 17(6), 595-612.
33) Saint, D. K. (2005).*The Firm as a Nexus of Relationships: Toward a New Story of Corporate Purpose* (Unpublished doctoral dissertation). Benedictine University.
34) Selvi, N. (2007) "Introduction to Social Accounting". Accountability net/main/concept.
35) Setyorini, C. T. & Ishak, Z. (2012).Corporate Social and Environmental Disclosure: A Positive Accounting Theory View Point. *International Journal of Business and Social Science, 3(9),* 152 – 164.
36) Singhvi, S. &Desai, H. (1971).An empirical analysis of the quality of corporate financial disclosure. *The Accounting Review* 46(1), 129-138.
37) Ullmann, A. A. (1985). Data in search of a theory: a critical examination of the relationships among social performance, social disclosure, and economic performance of US firms. *The Academy of Management Review*, 10(3), 540-557.
38) Wallace, R.S.O. & Naser, K. (1995). Firm specific determinants of the comprehensiveness of mandatory disclosure in the corporate annual reports of firms listed on the stock exchange of Hong Kong. *Journal of Accounting and Public Policy*,14(4), 311-368.
39) Wangombe, D. K. (2013).Multi-Theoretical Perspective of Corporate Environmental Reporting: A Literature Review. *Review of Integrative Business and Economic Research, 2(2),* 655 – 671.
40) Wilmshurst, T. D. & Frost G. R. (2000). Corporate environmental reporting: A test of legitimacy. *Accounting, Auditing and Accountability Journal*, 13(1), 10 – 26.
41) Wood, D. J. (1991). Corporate social performance revisited, *Academy of Management Review*, *16(4)*,691-718.
42) Yao, S., Wang, J. & Song, L. (2011).Determinants of Social Responsibility Disclosure by Chinese Firms. Discussion Paper 72.China Policy Institute, School of Contemporary Chinese Studies, The University of Nottingham.