

Review Article

The Effect of Corporate Governance Mechanisms on Internet Financial Reporting of Nigerian Quoted Companies

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Abstract

This paper investigates the effect of corporate governance mechanisms (CGMs) on internet financial reporting (IFR) of Nigerian selected companies. The study adopted a longitudinal research design. The population for the study comprised of 151 quoted companies on the Nigeria Exchange Group (NGX) between 2012 and 2023. A total of 56 quoted companies were purposively selected on the basis of availability of data during the study period and adoption of International Financial Reporting Standards (IFRS). Data were sourced from the audited and published financial statements, and filings of the selected quoted companies. The data comprised of CGMs, IFR, and applicable control variables. Data collected were analysed using appropriate inferential statistics. The board size (BS) have a coefficient value of 0.005 which is statistically significant (p-value = 0.000), board gender diversity (BGD) has a coefficient value of 0.002 which is statistically significant (p-value = 0.000), board independence BI has a positive coefficient value of 0.003 which is statistically significant at the 5% level (p-value = 0.016), board meeting (BM) has a negative coefficient value of 0.001 which is statistically significant (p-value = 0.067), leverage is found to have had a negative coefficient value of 0.002 on IFR disclosure which is statistically significant (p-value = 0.002). The study concluded that CGMs variables had joint effect on IFR disclosure across the sampled firms. The study recommended that corporate governance practices should be strengthened, especially in the areas of board in-dependence, gender diversity, and board size; and the companies should therefore, ensure an inclusive and well-structured board that can contribute to strategic decision-making and improved transparency.

Keywords

Corporate Governance Mechanisms, Internet Financial Reporting, Nigerian Quoted Companies

1. Introduction

At this period, there are a lot of disruptive effects of technological advancement on all the sectors. The complexity of reporting has even gone beyond just mere IFR, there are apparent problems that have not been breached by other recent or past studies [32]. Overall, the historical progression reflects a shift from a basic online presence to a more sophisticated, standardized, and technologically advanced approach

to IFR for quoted companies. This evolution continues as technology continues to shape how financial information is presented and accessed [3, 30]. CGMs are systems of processes, practices, and rules by which a company is controlled and directed; they also outline internal audits and monitoring responsibilities, which may be connected to the company IFR [37]. In Nigeria, CGMs aim to ensure fairness, transparency

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and accountability in management of companies, while key elements include board of directors, audit committees and regulatory compliance. Weak CGMs (independent director, board meeting attendance, internal audit, board size, and board diversity) can undermine investors' confidence in accounting records, affect the general caliber of data reporting on the internet, and deceive stakeholders and investors into making the wrong decisions [8, 28]. However, a solid corporate governance framework makes certain that financial data is generated and presented in a transparent, moral, and responsible manner. It aids in establishing accountability and responsibility for financial reporting and guarantees that process of financial reporting takes the interests of stakeholders into account [37].

The board size, independence of directors, director meetings, internal audit division, audit committee, and board diversity may all affect corporate governance practices of Nigerian quoted companies [23]. Listed companies on NGX are to abide by rules and guidelines issued by the Securities and Exchange Commission (SEC) and NGX, including corporate governance standards [39]. These rules and recommendations cover topics including board participation, risk management, disclosure, openness, and controls as crucial elements of internet financial reporting. Accurate, dependable, and timely financial data is guaranteed by a robust corporate governance system and a strong internal control system [47]. In line with signal theory, actions (the use of digital platforms and technologies) by companies send signals to investors and stakeholders about their underlying quality and highlight and provide insights into how companies can structure their governance mechanisms and reporting practices to foster transparency, oversight, value creation for shareholders, and alignment of interests in fostering trust, accountability, and sustainable growth within the Nigerian corporate environment [43, 10, 7]. Studies on the connection between corporate governance and IFR have been done by Mustafa, Salaudeen and Lasisi, (2018); Ardillah and Carolin, (2021); Gunawan and Sanjaya, (2021); Nurlaily and Pratiwi, (2022) among others [24, 6, 18, 31]. All of them made use of corporate governance mechanisms and established positive relationships. However, it has been empirically shown that there are still mixed findings on the direction of the relationship in the literature. This is because Gunawan and Sanjaya, (2021) finding showed that IFR does not justify composition of the board, board meetings, foreign investors, or size of company [18]. Ndhlovu and Muzira, (2023) established that CGMs did not influence timeliness of corporate IFR [27]. This show that CGMs and IFR may interact in a way that has not yet been explored in other studies.

2. Review of Literature

2.1. CGMs and IFR

The study conducted by Almaqtari, Hashed, Shamim and

Al-ahdal, (2020) investigated how corporate governance systems affect the quality of financial reporting [4]. The efficacy of corporate governance is evaluated based on several factors, including foreign ownership, audit quality, audit committee qualities (size, independence, diligence and experience), and board effectiveness. To estimate the outcomes, descriptive statistics, OLS regression, and correlation are used. The results indicate that quality of financial reporting is significantly impacted by qualities of board and audit committee, with exception of audit committee diligence. The qualities of audit committee and board diligence, however, have a detrimental effect. The quality of financial reporting is unaffected by foreign ownership; however, audit quality is greatly impacted. Gunawan and Sanjaya, (2021) examined how ownership and control affected Indonesian cyberspace business reporting. During the study, sample of 40 firms quoted on IDX from 2015 to 2019 used 50 disclosure items on company websites as the corporate governance proxy. The findings pool OLS show that institutional ownership and number of consultations held by auditing team have a positive influence on IFR; however, they are adversely impacted by institutional ownership. Yet, financial reporting is unaffected by number of independent commissioners on the website [18]. Similar research on corporate governance and cyberspace business reporting was examined in Indonesia by Ardillah and Carolin, (2021). This study employed purposive sampling to select 14 mining firms quoted on IDX between 2014 and 2018 and results of the pool OLS revealed that cyberspace business reporting is positively influenced by board of directors, auditor reputation has opposing effects on internet business reporting, and public share ownership does not correlate with cyberspace business reporting [6].

The impact of corporate governance on investor reaction, as mediated via online financial reporting, was examined and demonstrated by Puspaningrum, Priono, Sulistyowati, Muslimin and Hidajat, (2021). In this study, 99 companies that are part of Indonesian Corporate Governance in association with SWA magazine make up population. The probability sampling approach is applied to determine the research sample. The findings demonstrated that IFR has no influence over corporate governance, that corporate governance has no effect on investor reaction, and that investor reaction is not mediated by IFR [35]. Nurlaily and Pratiwi, (2022) determined effect of corporate governance on cyberspace reporting finance in banking sectors in Indonesia. They selected five banks quoted on Indonesian stock exchange from 2013 to 2020 and used the IFR as a dependent variable. Corporate governance variables are audit committee's competence, managerial ownership, independent representative, and audit team meeting frequency. The outcome of the research implies that managerial ownership and consistent meetings of the audit team have a greater impact on IFR disclosure than the independent commissioner's competence and the audit committee's competence. The OLS result shows that managerial ownership and frequency of audit team meetings have a greater impact on IFR disclosure,

while independent commissioners and the audit team's competence do not have a significant effect on IFR [31].

Using cross-sectional time horizon methodology, Ndhlovu and Muzira, (2023) aimed to determine effect of corporate governance on online financial reporting in Malawi, data source for the sample consisted of 43 companies out of 50 that had their financial reports available online. By consulting with authorities in fields of accounting and financial reporting, content validity was established. The SPSS software was used to perform multiple regression analyses on the data. The study found no correlation between corporate governance practices and promptness of companies' online financial reporting [27]. On the other hand, ownership structure encouraged the company to use internet financial reporting. Board size, gender diversity, independence, role, duality, environmental, social and governance (ESG) performance and corporate social responsibility (CSR) strategy for businesses listed on London FTSE100 were evaluated by Necib and Anis, (2023), who also examined the effect on the caliber of the companies' integrated reporting. Regression models were used to test hypotheses on a sample of 97 publicly traded firms from 2012 to 2020. Report quality was assessed using an integrated report quality dashboard. The findings demonstrate that board independence, board activity, duality, ESG performance and a rise in CSR strategy all have a significant and beneficial impact on quality of integrated reporting [28].

The study conducted by Waris and Din, (2023) investigated correlation between corporate governance, financial reporting timeliness and ownership concentration as moderating factors, the study finds that an auditor's brand name improves audit quality and reduces audit report lag when ordinary least squares are applied. If there is an unqualified report, audit opinion also affects audit quality; audit quality then rises as lags shorten. Regular board meetings improve audit quality and reduce delays. An independent board improves the audit quality and reduces latencies. The most significant factor, family ownership, raises audit quality and reduces management report latency. Board diligence has negative correlation with timeframes that indicate high frequency of board meetings reduces lags and improves audit quality if ownership concentration is considered a moderator. Timeliness and board size have positive relationship; a larger board causes delays and lowers audit quality [45].

2.2. Issues with IFR

With effect from 1 January 2027 onwards, IFRS 18 was recently released in April 2024. It comprises guidelines for the presentation and disclosure of data in financial statements that are applicable to all companies using IFRS. Since there are currently no specific (mandatory) accounting standards that address IFR disclosure issues, it is evident that IFR activities are still largely unregulated (IFRS). This is especially true of information posted on corporate websites, which has the potential to significantly affect the IFR's output of data quality

[22, 11]. Executives were once able to manipulate IFR disclosures in order to control the amount, kind, and timing of website disclosures for the company sites; this was made possible by non-binding guidelines and regulations [41, 22]. This kind of attack against online trade has occurred in countries like Russia, United States of America, Canada, and China [11, 42]. A security issue arises from the possibility that IFR information can be compromised by an unauthorized person attempting to get access to sensitive data or may be destroyed because of personal interests if companies lack a security system on their business website.

IFR can fall under mandatory and voluntary disclosure, depending on the specific context and jurisdiction. IFR can be considered within the purview of voluntary disclosure, as companies are not always legally required to disclose financial information on their websites or social media platforms [38]. However, many companies choose to do so as part of their investor relations strategy, to: increase transparency, enhance investor engagement, provide easier access to financial information, and demonstrate commitment to openness and accountability. Voluntary disclosure through IFR can include: annual reports, quarterly earnings releases, financial presentations, webcasts, social media updates, and sustainability reports. This information is not necessarily required by law or regulation, but companies may provide it to enhance their reputation. While on mandatory disclosure, some regulatory bodies, like SEC require publicly traded companies to disclose certain financial information on their websites, such as annual reports and quarterly reports [33, 39]. With this, some common issues arise: companies may need to invest in technology and infrastructure to support IFR; disclosures may not meet the needs and expectations of various stakeholders, such as investors, analysts, and regulators; different regulatory requirements and cultural norms can create challenges for companies operating globally; the rapidly changing reporting, including new technologies and standards, can create challenges for companies to keep pace; ensuring accuracy, completeness, and consistency of disclosed data can be a challenge [32].

2.3. CGMs

Are procedures, guidelines and organizational frameworks that a company implements to guarantee that it is efficiently run and governed. These systems provide a framework for supervision and decision-making that aids in safeguarding the interests of all parties involved. The Board of Director, Audit Committee, Executive Compensation Committee, Shareholder Rights Committee, and Risk Management Committee are a few typical corporate governance structures [34].

Internal Audit

It plays a vital role in giving stakeholders of the company confidence that it is managing its risks responsibly and abiding by legal and regulatory requirements. Internal auditors are responsible for auditing procedures within the company; in

addition, they could offer suggestions and support for enhancing operations, systems, and business processes. Businesses employ this process to pinpoint systemic weaknesses and enhance their own features to increase corporate productivity. Internal audits evaluate companies according to a variety of criteria [46].

Board Committee

Members of committee are staff members that work for the board and are responsible for overseeing specific departments inside the company. By providing more concentrated attention to certain areas of the business's operations, committees can aid in boosting efficiency and effectiveness. In addition, they facilitate the equitable distribution of responsibilities among board members and guarantee that every department has the necessary focus [21].

Directors Independence

The concept of a director independence pertains to ability of a group of people to work with firm or its management without external influence on the decisions made by the administration. The company's decision-making processes benefit from the impartial and objective viewpoint that independent directors provide. The business's reporting, executive compensation, and other important governance issues are frequently under the purview of independent directors [5].

Board Meeting

Sections 10.1 to 10.3 require that the board meeting be tiled towards achieving the company's business goals and that attendance at the meeting by a board member be a criterion toward their appointment. A board meeting is an assembly of directors to deliberate and make decisions on matters associated with the organization's policy management and operations [1].

Board Size

In practice, the optimal board size depends on various factors, like company's size, industry and corporate culture. Some companies choose to have smaller boards for nimbleness and efficiency, while others prefer larger boards for diversity and a broader range of perspectives. Effective corporate governance ultimately involves a balance between board size and composition to meet the company's unique needs and objectives [1].

Board Diligence

It refers to the process of thoroughly assessing and evaluating the actions, decisions and responsibilities of company board of directors. This includes ensuring that board members are fulfilling their fiduciary duties, acting in the best interests of company and shareholders, complying with legal and ethical standards. Board diligence typically involves reviewing board meeting minutes, financial reports, and governance practices to maintain transparency and accountability within organization. It is an aspect of corporate governance that can help identify and mitigate risks [1, 5].

Board Gender Diversity (BGD)

Refers to composition of company BOD with respect to representation of both men and women; it is an aspect of

corporate governance often seen as a measure of company commitment to diversity and inclusion. Increasing gender diversity on boards is considered a way to bring different perspectives and skills to decision-making, which can benefit the organization's performance and innovation. Many countries and organizations have introduced initiatives and policies to promote greater diversity on corporate boards [1, 5].

3. Theoretical Framework

The hypothesis of agency was served as the cornerstone and anchor of this study. The foundation of agency theory is connection between owner (principal) and manager (agent), wherein an agent is employed to manage company on behalf of principal. This division of ownership and control results in information asymmetries between the two parties, with managers possessing greater knowledge of the firm's past, present and future performance than principals. Although it is anticipated that agency costs would vary with different organizational features, internet financial reporting is perceived to be a technique to control managers' performance, eliminate information asymmetry, and lower monitoring costs [20, 15].

4. Methodology

The study adopted longitudinal research design. A secondary source was employed as sources of data [36]. The population of this study comprised 47 financial firms and 104 non-financial firms, making a total of 151 quoted companies on the Nigeria Exchange Group (NGX) between 2012 and 2023 [29]. A total of 56 quoted companies (45 from non-financial and 11 financial firms) was purposively selected on the basis of availability of data during the study period and adoption of International Financial Reporting Standards (IFRS). The base year 2012 was adopted because it marked the period quoted companies adopted IFRS, and the latest available accounting data up to 2023 was used. Data were sourced from the audited and published financial statements, and filing of the selected quoted companies. The data extracted ranges from board size, board independence, board committee, board diligence and board gender diversity as functions of corporate governance mechanisms, while IFR was measured through IFR disclosure index of the selected Nigerian quoted companies [2, 31, 45]. Data collected were analyzed using panel multiple regression.

5. Model Specifications

5.1. Effect of CGMs on IFR

The study adopted model of Mustafa *et al.*, (2018), to achieve the objective. The model relied on the theory of agency to predetermined extent the board and its audit com-

mittee must take steps to prevent being biased in the information flows, are expected to be watchdogs, and fulfil their

reasonability with high-credibility sources of information that will have a greater impact than low-credibility sources [24].

Internet Financial Reporting_{it} = F (Corporate Governance Mechanisms variables + Control Variables)

$$IFRDI_{it} = \beta_{0it} + \beta_1 CGM1_{it} + \beta_2 CONTV_{2it}$$

$$IFRDI_{it} = \beta_{0it} + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 BC_{it} + \beta_4 BD_{it} + \beta_5 BGD_{it} + \beta_6 Size_{it} + \beta_7 LEV_{it} + \varepsilon_{it}$$

5.2. Variables and Measurement

5.2.1. Internet Financial Reporting Disclosure Index (IFRDI)

The dependent variable is the internet financial reporting disclosure. Measured as a binary variable. The study will adopt IFR disclosure items as described by [16, 17]. Presentation (Format) items: report for the year in several file formats, financial data in process able format, established hyperlinks, a menu with a drop-down navigation, investors' access to direct email, hyperlinks inside the yearly report, email alerts, audio files and video files. Content Items: recent year annual report, previous year's annual report, current year's quarterly reports, recent financial news, a list of stock values, code of ethics and behavior for executives, workers, and directors, board of directors members, performance overview, and corporate governance principles/guidelines [32]. These disclosure items are available on company website. Where a company either does (1) or doesn't (0) have an online presence for reporting.

5.2.2. Independent Variables

Corporate Governance Mechanisms (CGM): Proxy for the proportion of independent directors as mandated by CAMA 2004 and 2020; SEC 2011; and NCCG 2018 [25, 26, 39, 40].

Board Independence (BI): Proportion of nonexecutive directors on the board composition.

Board Size (BS): Ratio of total number of board of directors.

Board Committee (BC): Ratio of total number of board committee.

Board Meeting (BM): Ratio of total numbers of board meeting in one financial period.

Board Gender Diversity (BGD): Ratio of female directors to total number of director in a board.

5.2.3. Control Variables

Firm Size (Size): It can refer to the measure of a company's scale or magnitude, often determined by factors like revenue,

number of employees, or market capitalization. Measured as natural logarithm of total asset.

Leverage (LEV): Involves borrowing money to increase investments' potential returns, but it also comes with increased risk. Ratio total liabilities to total equity.

5.3. Pre-estimation Test Results

5.3.1. Cross-sectional Dependence Analysis Results

Table 1 shows the Cross-Sectional Dependence Test results, which are critical for panel data analysis. Conducting cross-sectional dependence tests is essential because most traditional panel data estimators assume that cross-sectional units such as firms, companies or countries are independent of each other. When this assumption is violated, and cross-sectional dependence exists, it can lead to biased standard errors, inconsistent parameter estimates, and misleading statistical inferences. Cross-sectional dependence often arises due to unobserved common factors, shocks, or spillover effects shared among the cross-sectional units. Failure to test for and address cross-sectional dependence can therefore invalidate the results of regression analyses and compromise the overall integrity of the study's conclusions. To robustly assess cross-sectional dependence, four popular tests were employed: the Breusch-Pagan LM test, Pesaran scaled LM test, Bias-corrected scaled LM test, and Pesaran CD test. The results across variables ROA, BGD, BI, FSIZE, and LEV showed statistically significant test statistics at the 1% and 5% levels ($p < 0.01$; $p < 0.05$), confirming strong cross-sectional dependence. However, BM and BS show mixed outcomes, with the bias-corrected LM and Pesaran CD tests yielding insignificant results, suggesting weak or no cross-sectional dependence. The existence of cross-sectional dependence, as revealed by the results in Table 1, indicates that financial performance and corporate governance characteristics of the selected quoted companies in Nigeria are not independent across firms; rather, they are influenced by common factors or spillover effects. This means that shocks, policy changes, market dynamics, or external economic events affecting one firm may simultaneously impact other firms within the same environment.

Table 1. Cross-sectional dependence test.

	Breusch-Pagan LM	Pesaran scaled LM	Bias-corrected scaled LM	Pesaran CD
ROA	2270.141*** (0.000)	12.147*** (0.000)	9.036*** (0.000)	10.194*** (0.000)
BGD	2464.838*** (0.000)	15.655*** (0.000)	12.544*** (0.000)	6.436*** (0.000)
BI	3762.685*** (0.000)	39.040*** (0.000)	35.929*** (0.000)	37.567*** (0.000)
BM	1778.126*** (0.000)	3.282*** (0.001)	0.170 (0.864)	-0.294 (0.768)
BS	1778.087*** (0.000)	3.280*** (0.000)	0.169 (0.865)	1.343 (0.179)
FSIZE	7467.903*** (0.000)	105.804*** (0.000)	102.693*** (0.000)	27.324*** (0.000)
LEV	3363.992*** (0.000)	31.857*** (0.000)	28.745*** (0.000)	2.204** (0.027)

Source: Researchers, 2025. Note: *** and ** denotes significance at 1% and 5% respectively.

5.3.2. Correlation Analysis Results

Table 2 showed correlation matrix that Internet Financial Reporting (IFR) had a weak and statistically insignificant positive correlation with ROA, with coefficients ($r = 0.062$, $p > 0.05$). This meant that although a positive relationship existed between IFR and firm performance, it was not statistically significant.

Similarly, Board Size (BS) had a weak and statistically insignificant positive correlation with ROA, with coefficients ($r = 0.060$, $p > 0.05$). This indicated that increases in board size were associated with slight improvements in firm performance; however, the relationship lacked statistical significance, implying that the size of the board may not have been a strong determinant of profitability in the studied firms.

BGD had a very weak and statistically insignificant positive correlation with ROA with coefficients ($r = 0.003$, $p > 0.05$). This meant that while the presence of women on corporate boards was marginally associated with improved performance, the lack of statistical significance suggested no meaningful effect on profitability.

Board Independence (BI) had a weak and statistically insignificant positive correlation with ROA, with coefficients

($r = 0.005$, $p > 0.05$). This indicated that the inclusion of independent directors on the board had little to no significant impact on firm performance, highlighting that board independence alone might not drive profitability improvements.

Also, Board Meeting (BM) had a weak and statistically insignificant positive correlation with ROA with coefficients ($r = 0.041$, $p > 0.05$). This meant that more frequent board meetings were slightly associated with improved financial performance, but the relationships were not statistically meaningful, implying that board activity may not directly translate into profitability gains.

Furthermore, the results indicated that Firm Size (FSIZE) had a positive and statistically significant relationship with ROA ($r = 0.170$, $p < 0.05$). This suggested that larger firms were more likely to experience improved returns on assets and equity, although the effect on capital employed was not significant.

The findings demonstrated that Firm Age (FAGE) was positively but insignificantly related to ROA, with coefficients ($r = 0.067$, $p > 0.05$). This implied that older firms might have slightly better performance metrics, but the relationships were not strong or statistically meaningful.

Table 2. Correlation matrix.

		ROA	IFR	BS	BGD	BI	BM	FSIZE
IFR	Pearson Correlation	0.062	1					
	Sig. (2-tailed)	(0.142)						
BS	Pearson Correlation	0.06	.136**	1				
	Sig. (2-tailed)	(0.154)	(0.001)					
BGD	Pearson Correlation	0.003	.113**	-0.019	1			
	Sig. (2-tailed)	(0.939)	(0.007)	(0.646)				
BI	Pearson Correlation	0.005	0.072	-0.033	0.016	1		
	Sig. (2-tailed)	(0.909)	(0.088)	(0.430)	(0.697)			
BM	Pearson Correlation	0.041	-0.081	-0.022	-0.038	0.058	1	
	Sig. (2-tailed)	(0.330)	(0.057)	(0.605)	(0.369)	(0.168)		
FSIZE	Pearson Correlation	.170**	.232**	.092*	-0.009	-.119**	0.015	1
	Sig. (2-tailed)	(0.000)	(0.000)	(0.029)	(0.832)	(0.005)	(0.717)	
LEV	Pearson Correlation	-.236**	-.097*	0.043	.092*	.149**	0.019	-.209**
	Sig. (2-tailed)	(0.000)	(0.022)	(0.307)	(0.030)	(0.000)	(0.646)	(0.000)
AUD	Pearson Correlation	.127**	.130**	.109**	-0.023	0.033	0.063	.452**
	Sig. (2-tailed)	(0.003)	(0.002)	(0.010)	(0.595)	(0.440)	(0.137)	(0.000)

Source: Researchers, 2025.

5.3.3. Unit Root Test Results

Table 3 presented the panel unit root test results conducted using the Im, Pesaran, and Shin (IPS) method. This test was essential in the study as it helped determine whether the panel variables were stationary or not, which is a prerequisite for reliable panel data regression analysis. Testing for unit roots enabled the researcher to avoid spurious regression results that could arise from using non-stationary data on another non-stationary data. The results indicated that Board Size (BS), BGD, Board Meeting (BM), and Leverage (LEV) were stationary at level, implying that they were integrated of order zero, I(0). Their test statistics were significant at the 5% level, showing that the statistical properties of these variables re-

mained stable over time and did not require differencing. Conversely, Board Independence (BI), and Firm Size (FSIZ) were not stationary at level but became stationary after first differencing. These variables were integrated of order one, I(1), suggesting that they exhibited time-dependent trends and had to be differenced once to eliminate non-stationarity. Three variables Internet Financial Reporting (IFR) was not subjected to the panel unit root test. These variables were excluded because they were binary in nature. Since the IPS test required continuous variables with inherent time-series properties, applying it to binary variables would have yielded invalid or misleading results. Therefore, IFR was omitted from the stationarity analysis to maintain the accuracy and reliability of the panel unit root testing process.

Table 3. Panel unit root test.

	Level	First Difference	Order of Integration
BS	-2.417*** (0.008)		I(0)
BGD	-181.245*** (0.000)		I(0)

	Level	First Difference	Order of Integration
BI	0.870 (0.808)	-4.574*** (0.000)	I(1)
BM	-8.404*** (0.000)		I(0)
FSIZE	1.947 (0.972)	-2.987*** (0.001)	I(1)
LEV	-3.634*** (0.000)		I(0)

Source: Researchers, 2025. Note: *** and ** denotes significance at 1% and 5% respectively.

6. Results and Discussion of Findings

The result as reported in Table 4 revealed a positive and statistically significant relationship between board size and IFR disclosure, indicating that an increase in the number of board members enhances the extent of financial information disclosed online. Specifically, the coefficient of 0.005 implies that, holding other variables constant, a one-unit increase in board size led to a 0.005 unit increase in IFR disclosure, and this effect was significant at the 5% level ($p < 0.05$). This finding suggests that companies with larger boards are more likely to adopt broader and more transparent internet-based financial reporting practices, likely due to increased oversight and the diversity of expertise present in larger boards. This result supported the outcome by Sunday, Amobi and Dimgba, (2025) [44].

The outcome also revealed that board gender diversity (BGD) had a positive and statistically significant impact on IFR. Specifically, the coefficient of 0.002 implies that, holding other factors constant, a one-unit increase in gender diversity on the board led to a 0.002 unit increase in IFR disclosure. The result was significant with ($p < 0.05$), and suggested that greater female representation on corporate boards tends to enhance transparency and online disclosure practices, possibly due to increased ethical orientation and concern for stakeholder engagement typically associated with diverse boards. The outcome supported the findings by Chamo, Kantudu and Isa, (2025) [9].

Board independence also showed a positive and significant relationship with IFR disclosure. As reported, a unit increase in the proportion of independent directors on the board resulted in a 0.003 unit rise in IFR disclosure, and this effect was statistically significant at the 5% level ($p < 0.05$). This finding suggested that more independent boards tended to promote transparency and accountability by encouraging more comprehensive online financial reporting, likely due to their monitoring role and objective oversight. The findings

aligned with the outcome by Ideh, Jeroh and Ebiaghan, (2021) as well as Erin, Adegobye and Bamigboye, (2021) [12, 19].

Board meetings (BM), exhibited a negative effect on IFR disclosure, although the result was not statistically significant ($p < 0.05$). This suggested that more frequent board meetings did not necessarily lead to improved internet financial reporting, possibly because such meetings were more focused on operational or regulatory matters rather than on enhancing disclosure practices. The negative direction of the coefficient implied that increased meetings, when not strategically aligned with transparency objectives, might not effectively promote comprehensive financial disclosures online. This finding is in agreement with Etuk and Ibok, (2024) [13].

Leverage was found to have had a negative and statistically significant effect on IFR disclosure. Based on the result, holding all other factors constant, a one-unit increase in the leverage ratio led to a 0.002 unit decrease in IFR disclosure. The result was significant ($p < 0.05$). This implied that highly leveraged firms were less inclined to disclose detailed financial information online, possibly due to concerns about revealing financial vulnerabilities to creditors or market participants, thereby limiting their level of transparency. The findings supported the outcome by Agboola and Salawu, (2012); and Falana, Igbekoyi and Oluwagbade, (2025) [2, 14].

The R-squared value of 0.32 indicated that approximately 32% of the variation in Internet Financial Reporting (IFR) disclosure among the quoted companies was explained by the corporate governance mechanism variables included in the model, namely, board size, board gender diversity, board independence, board meetings, and leverage. Although this suggests that a large portion of the variation was influenced by factors outside the model, the relatively low R-squared is not uncommon in studies involving disclosure practices, which can be affected by a wide range of firm-specific and external factors. The F-statistic of 7.092, with $p < 0.05$, showed that the overall regression model was statistically significant. This implied that the set of corporate governance variables, taken together, had a meaningful joint effect on the

level of IFR disclosure across the sampled firms.

Table 4. Regression analysis results.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.587	0.085	6.930	0.000
BS	0.005	0.001	3.550	0.000
BGD	0.002	0.001	2.956	0.003
BI	0.003	0.001	2.413	0.016
BM	-0.001	0.000	-1.837	0.067
LEV	-0.002	0.001	-3.113	0.002
R-squared	0.32			
Adjusted R-squared	0.052			
F-statistic	7.092			
Prob (F-statistic)	0.000			

Source: Researchers, 2025.

7. Conclusion and Recommendations

The study found that all CGMs examined board size, board independence, and BGD had a positive effect on IFR, indicating that stronger corporate governance structures tended to enhance the quality and transparency of financial disclosures. However, board meetings had a negative effect on IFR, suggesting that the frequency of meetings did not necessarily correlate with improved financial reporting practices. These results aligned with those of Necib and Anis (2023); Nurlaili and Pratiwi, (2022); and Almaqtari, *et al.*, (2020) [28, 31, 4], who found that robust governance structures positively influenced the extent and quality of financial information disclosed by firms. In light of the above, the study recommends, that corporate governance practices should be strengthened, especially in the areas of board independence, gender diversity, and board size. Companies should therefore, ensure an inclusive and well-structured board that can contribute to strategic decision-making and improved transparency. And that the excessive or unproductive board meetings should be reviewed and redirected toward strategic objectives, particularly those related to disclosure and performance. These can be done by focusing more on value-driven outcomes rather than routine or compliance-based discussions during meetings.

The study has been successful in shedding light on the effect of corporate governance mechanisms on IFR of Nigerian quoted companies, but it is subjected to several limitations. All of the quoted companies in Nigeria were not included in this research work, which would have given more details

about the IFR of all quoted companies. Furthermore, data were obtained from filings and audited annual financial reports of selected quoted companies that are operating with the NGX not all the companies.

Abbreviations

CGMs	Corporate Governance Mechanisms
IFR	Internet Financial Reporting
NGX	Nigeria Exchange Group
IFRDI	Internet Financial Reporting Disclosure Index
IFRS	International Financial Reporting Standards
BGD	Board Gender Diversity
BI	Board Independence
BS	Board Size
BM	Board Meeting
LEV	Leverage
FSize	Firm Size
FAGE	Firm Age
BC	Board Committee
BD	Board Diligence
BOD	Board of Director
ROA	Returns on Asset
SEC	Security and Exchange Commission
NCC	Nigerian Code of Conduct
NCCG	Nigerian Code of Corporate Governance
FASB	Financial Accounting Standards Board
CAMA	Companies and Allied Matters Act

Author Contributions

Abiodun Oyebamiji Oladejo: Methodology, Project administration, Supervision, Validation

Peter Temitope Okedun: Conceptualization, Data curation, Formal Analysis, Funding acquisition, Investigation, Resources, Visualization, Writing – original draft, Writing – review & editing

Conflicts of Interest

The authors declare no conflicts of interest.

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