



CORPORATE DISCLOSURE: A DEDUCTIVE APPROACH TO LITERATURE*By***UMAR ALIYU***Department of Accounting, College of Social and Management Sciences,
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Abstract

The aim of this study is to evaluate and review existing literature on corporate disclosure, it is an anthology of the existing literature on corporate disclosure with a view to identifying the gaps to which future empirical inquiry may be directed within the Nigerian context. The paper discusses the concept of disclosure as appraised by different authors. This review is initiated with a working definition of disclosure. A series of reviews of studies from the database of research Gate and Emerald was carried out. In addition, the review considered the prejudice in which corporate disclosure differ between developed and the emerging economies. The study revealed a mixed findings on the determinants of corporate disclosure. This suggests that the factors determining corporate disclosure are not fixed, and vary from one jurisdiction to another. The study has also deduced from the theories of corporate disclosure research and suggests a unified theory that amalgamates the existing theories; and that which will be amenable to the ever-changing reporting environment.

Keywords: corporate disclosure, corporate entity, deductive approach, literature

1. Introduction

The most important motive of corporate disclosure is to reduce the agency problem and, consequently, reduce information asymmetry between corporate management and shareholders. Transparency and disclosure represent one of the pillars of corporate governance. Several scandals have occurred worldwide due to lack of a proper corporate disclosures. Different stakeholders use corporate disclosure in their decision-making process (Khelifi & Bourri, 2010).

Corporate disclosure falls into two broad categories which include mandatory and voluntary. Mandatory disclosure consists of information disclosed in order to comply with the requirements of laws and regulations. While voluntary disclosure on the other hand is any information disclosed in addition to the mandatory disclosure. Voluntary disclosure has been defined by Meek et al. (1995) as “free choices on the part of company managements to provide accounting and other information deemed relevant to the decision needs of users of their annual reports.” Moreover, voluntary disclosure may include disclosure “recommended by an authoritative code or body” (Hassan & Marston, 2010).

Corporate information can be represented across a variety of voluntary communication sources including magazines, newspapers, press reports, stockbrokers' advice, letters to shareholders, management forecasts, analysts' presentations, employee reports, interim reports, and annual reports. In recent years, disclosure requirements have increased to verify an organization's performance as the disclosure of the information is so essential to many stakeholders, such as investors, shareholders, regulators, government agencies, and communities (Al Amosh, 2021). This has indeed prompted entities to open up to various parties by providing more voluntary disclosures in addition to mandatory disclosures (Noh & Weber, 2019).

Mandatory disclosure is a legal requirement within the regulatory legislation, regulating the work of companies issued by official bodies such as stock exchanges and the securities commission in the countries, other than voluntary disclosure, which provides information that goes beyond the limits of mandatory disclosure. However, it has been observed that among all other sources annual reports and accounts is perceived to be the most important, frequent and major source of information to many users



in both developed and developing countries (Naser et al., 2003; Akhtaruddin, 2005; Chau & Gray, 2010). Moreover, the annual reports provide a core public disclosure source of information, even though other reports and company websites may provide additional information, but the annual report is considered the only formal source of information in many developing countries (Naser & Nuseibeh, 2003; Al-Razeen & Karbhari, 2007), although shareholders might have access and get information directly through contacting companies' management (Naser & Nuseibeh, 2003).

Furthermore, information disclosure can also be influenced by internal and external factors. Internal factors include the firm's characteristics, such as firm size, industry type and listing status. External factors on the other hand are related to the environmental context, such as culture and the legal system. Evidence from several empirical studies demonstrates that firm characteristics influence the level of corporate disclosure (Elzahar & Hussainey, 2012). The main corporate characteristics include the type of activity (Cooke, 1992), firm size (Hossain et al., 1995), leverage (Ahmed & Courtis, 1999), profitability (Hussainey & Al-Najjar, 2011), liquidity (Mangena & Pike, 2005) and cross listing (Cooke, 1992; Mangena & Pike, 2005).

The field of corporate disclosure has grown significantly and today contains a significant proliferation of theories, approaches, and terminologies. Several theories have been introduced in explaining the complex nature of this field, each of which explains different sub-points of financial disclosure. However, a challenge lies in formulating a theoretical framework that could be used to study the relative importance of each of the organizational aspects affecting corporate disclosure practices (Chau & Gray, 2001). Furthermore, Moalla et al. (2020) suggested that prior research fails to provide an accurate measure of reporting quality due to the lack of convincing theoretical underpinning and the subjectivity that surrounds the developed proxies (Khan et al., 2014). In the published literature, no attempt at such a comprehensive mapping was found, thus deductively, the gap was recognized (Alberti Alhtaybat et al., 2012). This study, therefore, provides an up-to-date look at the reality of the theories used in disclosure literature.

The review of an existing literature is one of the scientific research methods based on surveying scientific publications on a specific issue, prompting a view of current research trends, highlighting research gaps in the current literature (Baglione, 2018). The methods of reviewing the disclosure literature varied, some studies have examined the factors affecting disclosure in the literature (Ali et al., 2017), and other research reviewed the methodology used to collect data in the disclosure literature, while some researchers have focused on reviewing the checklist used to measure disclosure (Hassan & Marston, 2019).

Some studies have evaluated the theoretical frameworks applied in the literature. In recent years, the literature has not developed new theoretical directions to explain the phenomenon of detection, such as planned behavior theory and neo-institutional theory. The researcher is therefore motivated by the above gaps in corporate disclosure research, and make an attempt to provide a content analysis on the corporate disclosure using a deductive approach. More specifically, the researcher seeks to evaluate the following research objectives:

- i. To explore the trend of Corporate Disclosure in Nigeria from the database of research Gate and Emerald.
- ii. To review the extent and quality of the disclosure from the database of research Gate and Emerald.
- iii. To assess the methodology adopted by various studies from the database of research Gate and Emerald.

This paper contributes to the accounting disclosure literature by shedding light on researchers' theoretical frameworks and to provide a critical review of the disclosure literature. Much of the literature adopts multiple theoretical frameworks but without merging theoretical concepts to explain the results. The aspiration is to contribute to promoting more significant efforts in both research and practice. Given the importance of corporate disclosure practice, we also consider our review relevant



for, among others, chief executives, financial and information officers, business controllers, internal and external auditors.

This study will provide some understanding of Nigerian listed firm's disclosure strategy, thus allowing the relevant stakeholders to understand and supervise the disclosure requirement. Concurrently, this study may encourage other organizations to reconsider their strategy of disclosure after understanding the results of this study.

Other sections of the paper are structured as follows: section two present the concept of corporate disclosure. Section three will take care of corporate disclosure in the developed countries. Section four will take care of corporate disclosure in the developing countries; section five will take care of the developing countries and finally section six will be on conclusions and recommendations.

2. Literature Review

The concept of Corporate Disclosure

Communication is a reciprocal relationship of transmitting information between two or more parties. Information is a new knowledge that facilitates making of a decision. Disclosure, on the other hand, is a spoken and/or written and/or visual presentation of a situation, activity or event, providing (necessary) information to a specific or public audience. Disclosure has been defined by Wehmeier (2005) as 'an information or a fact that is made known to the public that was previously secret or private'.

More specifically, Choi (1973) defines corporate disclosure as the production of any economic information relating to a company which leads to an enhancement of the investment decision-making process. This definition is limited to disclosure that facilitates investment decisions, ignoring other aspects of business activity. Cooke (1989) offers a more extensive definition for corporate disclosure as 'those items in corporate annual reports that are relevant and material to the decision-making process of users who are unable to demand information for their particular needs'.

According to Hendriksen and Van Breeda (1992), disclosure covers the whole area of financial reporting, including both financial statements and their supplemental information. Disclosure is also defined as "the communication of economic information, whether financial or nonfinancial, quantitative or otherwise concerning a company's financial position and performance" (Owusu-Ansah, 1998).

Similarly, Wolk et al. (2001) define the concept of disclosure as the information reported in both financial statements and supplementary communications such as footnotes, post-statement events, financial and operating forecasts, and additional financial statements covering segmental disclosure. This definition is broadly limited to disclosure across financial aspects. It has also been argued that, disclosure is a broad concept. It goes beyond annual reports, covering issues outside financial statements, and could relate to issues such as corporate governance, social and environmental information.

Information disclosure in general, is a revelation or reporting of something. Gibbins et al. (1990) defined disclosure as —any deliberate release of financial (and non-financial) information, whether numerical or qualitative, required or voluntary, or via formal or informal channels. According to some scholars, non-financial information is non-accounting information that includes non-financial disclosures and measures, and it can be both quantitative and qualitative. The disclosure of such information is divided into two parts. The first is mandatory and responds to the disclosure requirements established within the laws and regulations governing capital markets and stock exchanges. The second form of disclosure is voluntary disclosure which is any information disclosed that exceeds the mandatory requirements for disclosure.

There are a large number of sources of information disclosure used by companies, most notably the annual reports, as the annual report is considered one of the ideal sources for the delivery of financial and non-financial information to various stakeholders and various media (Hajek & Henriques, 2017)



Companies use other sources to communicate information, such as internet websites, social media sites, advertisements, televised interviews, and press reports.

The non-financial reports and disclosures include several forms, including environmental information, corporate social responsibility reports, and sustainability reports. Recently, a new disclosure method has emerged, including financial and non-financial information called integrated reporting issued by International Integrated Reporting Council (IIRC) in 2013. The literature will be reviewed as defined above for each method of disclosure independently.

Hassan and Marston (2010) noted that disclosure is generally viewed as a latent variable, i.e., not amenable to be observed and measured directly. Therefore, we have to indirectly observe it through the values of an observed variable(s). In this respect, measures of disclosure can be reclassified into two approaches: the first approach tries to measure disclosure by reducing it to its observable characteristics in order to be able to measure it. The second approach tries to measure disclosure by identifying some observable variables that are assumed to have some relationship with disclosure.

In this paper, disclosure is considered as the fair presentation of an entity's financial or non-financial information, be it mandatory or voluntary, and is useful to stakeholders' decision making. Fundamentally, for the information to be useful, it must be relevant and faithfully represents that which it purports to represent. In addition, the information is enhanced if it is comparable, verifiable, timely and understandable.

Corporate Disclosures Studies in Developed Countries

The pioneer study on accounting disclosure is Cerf (1961). Since then, a preponderance of research has been conducted on the subject in developed and developing countries alike. Each of these studies has been distinguished by the differences in the research setting, the differences in the definition of explanatory variables, differences in disclosure index construction and differences in statistical analysis (Umoren, 2009).

Cerf (1961) examines the level of disclosure in annual reports of US companies consisting of those listed on the New York Stock Exchange and other unlisted companies traded in over-the-counter (OTC) markets. Cerf investigated the relationship between four company variables (total assets, number of shareholders, profitability and listing status) and disclosure level. He developed a disclosure index based on 31 items of accounting information selected by a scale of 1 to 4 assigned to items in the interview with financial analysts. Using class means, Cerf revealed that a positive and significant relationship exists between asset size, profitability, and number of shareholders and disclosure level. Cerf also observed superiority of the companies listed on the NYSE over others. There was, however, no significant difference in the reporting pattern.

Hassan (2004) investigates the relationship between selected firm attributes and quality of disclosure in the annual accounts of Australian extractive industries from 1998 to 2001. He constructed a disclosure checklist based on the Australian Accounting Standards Board (AASB) 1033. The firm attributes selected for this study are size, profitability, price-earnings ratio, market-to-book value, research and development activity, auditor, debt-to-equity ratios and type of extractive firm. The findings revealed that high-quality derivative information is value relevant. In addition, hedge information and risk information were observed to be as important to market participants in making informed decisions.

Iatridis (2008) investigates the association between company characteristics and accounting disclosure of UK companies. The disclosure issues examined were risk exposure, changes in accounting policies, use of international financial reporting standards and hedging practices. The findings showed that companies that provide informative accounting disclosures appear to display higher size, growth, profitability and leverage measures. Also, it was observed that the adoption of international financial reporting standards engenders consistency and reliability of financial reports, enhances the quality and the comparability of financial statements and also facilitates companies raising capital internationally.



Lunawat (2010) looks at how financial disclosure enhances the building of trust and trustworthiness to facilitate institutions for exchange and investment in complex economic settings where there is a separation of ownership and control of key economic resources. Content analysis method was also adopted by the researcher. The research results show that the regime with disclosure allows for a greater time of mimicking with probability one and this additional reputation building opportunity results in higher probability of investment and a higher probability of high returns on investment.

Corporate Disclosure Studies in Developing Countries

Just like in developed countries, several researchers have examined corporate disclosure in developing economies. Singhvi (1968) doctoral dissertation is about the first attempt at investigating the extent of corporate disclosure in emerging economies. He modifies Cerf's disclosure index and increased the independent variables to six. He examines a sample of 45 listed Indian firms. An index containing 34 items of information was created using assigned weights, ranging from 1 to 4. The results of the Chi-square tests revealed that Indian firms vary in their corporate disclosure practices. Also, total assets, rate of return, earnings margin and type of management showed a significant direct relationship with company's disclosure quality.

Abdulsalam (1985) examines the association between selected firm characteristics and the extent of corporate disclosure. The study finds a negative relationship between firm size and corporate disclosure. However, the study fails to show clearly the relationship between growth, government subsidy, government ownership, audit firm size and corporate disclosure, thus opposed to the a priori expectation.

In Jordan, Naser and Karbhari (2002) investigate the disclosure practices of Jordanian companies following the adoption of International Accounting Standards (IAS). They examined the influence of firm characteristics on the depth of corporate disclosure using an unweighted disclosure index of 104 information items. A sample of 132 firms was used and the results revealed a fair improvement in the depth of disclosure following IAS adoption. A significant association was found between firm size, liquidity, profitability, gearing, audit firm status.

In Saudi Arabia, Naser and Nuseibeh (2003) examine the quality of disclosure of nonfinancial companies listed on the Saudi Stock Exchange. This study was a sequel to the introduction of a law permitting foreign investors into the Saudi capital market. "Central to this development is the annual reports published by companies operating in Saudi Arabia (Umoren, 2009 p.39)". The study used both weighted and unweighted indices comprising 23 items of mandatory information, 18 items of voluntary information related to mandatory information, and 14 items of voluntary information unrelated to mandatory disclosure. The results of the estimation exercise show a relatively high compliance with the mandatory requirements in all industries covered by the study, with the exception of the electricity sector. As for the voluntary disclosure, the analysis reveals that Saudi companies disclose information more than the minimum required by law. The level of voluntary disclosure, however, is relatively low.

In India, Ahmed (2005) examines the degree of voluntary reporting practices of listed non-financial companies with 12 disclosure items for 100 companies. He also relates the extent of voluntary reporting practices to industry type. An unweighted disclosure index was applied to the corporate annual reports for the year ending between June 30, 2002, and December 31, 2002. He finds that the level of reporting voluntary information items is low and the variability in the level of reporting among the companies is wide. Sector-wise comparison of voluntary reporting shows little fluctuations among the sectors that indicate a great deal of similarity among them in respect of reporting voluntary information items.

In Egypt, Dahawy and Conover (2007) investigate the disclosures of the financial statements of listed companies in the Egyptian Stock Exchange. They use the disclosure checklist already designed by the Egyptian Capital Market Authority to measure compliance of the companies to disclosure requirement of the standards. The findings revealed that not all the companies comply fully with the



international standard. The compliance rate is between 52% and 76% with an average disclosure level of 62%. The lowest level of compliance is noticed for consolidated financial statements, leasing, and treatment of intangible assets. Their result is consistent with Street and Gray (2001) who find similar results for the countries studied.

Alkhatib (2014) examines the determinants of forward-looking information in Jordanian listed firms. To establish the factors that affect the disclosure, five company characteristics were employed, sector type (service sector and industrial sector), auditor type, total assets, profitability, and leverage. A sample of 125 companies listed on the Jordanian stock exchange for 2011 was used. Using the multivariate regression analysis, the study revealed that the profitability seems to be the most effective determinants of forward-looking information disclosure while the auditor type and the total assets found a significant impact on forward-looking information disclosure only in the industrial sector.

Madi et al. (2014) investigate the influence of audit committee characteristics (independence, financial expertise, size, frequency of meetings and directorship of AC members) on corporate voluntary disclosures of 146 Malaysian listed firms for the year 2009. Based on content analysis of disclosure, the empirical results of multiple regressions revealed that audit committee independence, size and multiple directorships of audit committee members are positively associated with corporate voluntary disclosure. The Frequency of meetings and financial expertise of audit committee members are not significantly associated with corporate voluntary disclosure.

Corporate disclosure studies have also been done in Nigeria. Wallace (1987) is reputed for pioneering corporate disclosure research in Nigeria. He examined the extent of disclosure using statutory and voluntary disclosure items. His choice of information items was relevant to the selected user groups used for the study which consists of accountants, top civil servants, managers, investors and other professionals. A sample of 47 firms, accounting for 54% of the entire companies quoted on the Nigerian Stock Exchange during 1982 and 1986 was used. Disclosure was treated as a dichotomous item, 1 for an item disclosed and 0 for those not disclosed. The scoring system is informed by its intensity. Both weighted and unweighted disclosure checklists were constructed. The weighted disclosure index reflects the preferences of the six-user groups. The result of the analysis revealed that companies which publish annual reports do not adequately comply with the disclosure regime. The overall disclosure index revealed the weakness in the disclosure practice in Nigeria, ranging from 37.55% to 43.11%. A significant degree of disclosure was observed in the balance sheet, historical items, and valuation methods. However, status data, social reporting, income statement items and projections witnessed inadequate disclosure

Okike (2000) surveys the corporate reporting practices in Nigeria. The study sought to examine the adequacy of accounting disclosure in Nigeria. She concluded that accounting reports in Nigeria are weak and lacking in vital information, and thus, should be expanded to include a vast array of information useful for users' decision making. Also in Nigeria, Ofoegbu and Okoye (2006) investigating the relevance of accounting and auditing standards in corporate reporting in Nigeria sought to examine the degree to which selected Statement of Accounting Standards (SAS), namely SAS 3, 7, 8, 10, 11, 18 and 19 complied with, in Nigeria. Using the annual reports of 41 quoted companies on the Nigerian Stock Exchange, the study revealed mixed results of compliance with disclosure requirements. For example, absolute compliance (100%) was recorded for items such as the basis of determining book value of assets, cash flow presentations, disclosure of various forms of tax and movements of taxes and assets during the year. Partial compliance (ranging from 2% to 90%) was recorded for 93 items such as commission paid/received, maturity profile of risk asset of banks, frequency of revaluation policy and amount of foreign exchange gain or loss.

Kantudu (2006) explores the extent of compliance with requirements of SAS 2 by firms quoted on the Nigerian Stock Exchange. The study covered 16 sectors of the Nigerian economy out of which 25 companies were randomly selected for a period of 5 years (1998- 2003). Data collected were analyzed using the qualitative grading system. The findings showed a significant compliance level with



SAS 2 by the sampled company. This connotes that there was no significant difference between the disclosure requirement of SAS 2 and the content of the annual reports of the investigated firms.

Uwuigbe, (2011) investigates the link between firm characteristics and the level of corporate social disclosures in the Nigerian financial sector. Using the judgmental sampling technique, a total of 31 listed firms have been selected for the study based on their level of market capitalization and direct financing of most firms from the manufacturing industry. Also, using the content analysis method, a scoring scheme is used for measuring the extent of corporate social disclosure in the annual report. Three variables were used in the study: firm's size, profitability, and size of the audit firm. The study observed that a positive association exists between a firm's characteristics and the level of corporate social disclosure. In addition, the paper also observes that corporate social disclosures by listed firms are still in its infancy.

Abdullahi (2012) examines the extent to which Nigerian Deposit Money Banks (DMBs) comply with the disclosure requirements of SAS 10 and to determine whether the NASB, Act 2003 enhances compliance with SAS 10. The study population is the then twenty-four (24) listed banks among which eleven (11) were selected. The study covers the period from 1998 to 2002 and 2004 to 2008 with 2003 as the base year. And content analysis was used in collecting the data from the annual accounts of the selected banks. To test the hypothesis developed for the study, the researcher utilizes unweighted disclosure index. The result, however, reveals that the Nigerian DMBs do not adhere to the statutory disclosure requirements of SAS 10 but NASB act, 2003 enhances compliance with the said SAS.

Adekunle and Asaolu (2013) survey financial reporting practice among banks in the post-consolidation period. The sample size is the 13 listed Nigerian banks out of 21 registered banks in the period under examination. The researchers also develop composite disclosure Index (CDI) in collecting the data from annual accounts between 2005 and 2009 based on the statutory requirements of the SAS. Descriptive statistics and OLS were used in the analysis. The research results indicate a high level of compliance with the mandatory disclosure requirements for banks by scoring high on the CDI (mean in excess of 90%). In addition, the regression results showed that disclosure has a positive and significant influence on banks stability (as defined by ROA and liquidity).

Ibrahim (2014) examines the extent of compliance of the Nigerian Deposit Money Banks with the disclosure requirements of accounting standards (SASs) for the year ended 31st December 2011. In addition, the study further investigated the corporate attributes that determine the degree of disclosure by Nigerian Deposit Money Banks. A sample of 9 DMBs was selected and standards (SAS 2, 10 and 15 respectively) were utilized in the study. A researcher-developed checklist containing 34 information disclosure items (SAS 23 items and voluntary 11 items) was constructed. The corporate characteristics selected for the study are company size, leverage, profitability, auditor type, company age, and multinationalism. Empirical findings from the content analysis of the annual reports of the tested banks revealed that there are strong and full compliance with the disclosure requirements of the SASs. The findings further showed that the selected DMBs do not disclose voluntary information. The study also revealed that there exists a significant association between the level of disclosure and some company characteristics. Corporate size and auditor type are found to be statistically significant determinants of corporate disclosure. While the other four variables of leverage, profitability, age, and multinationalism are found to be statistically insignificant determinants of disclosure by the Nigerian DMBs.

Theoretical Framework of Corporate Disclosure

There are now various existing theories supporting the practice of corporate disclosure circulating amongst accounting researchers. Although the existing theories can all be seemed logical, they are deficient as far as none of them stand out as superior to any others in explaining corporate disclosure practices. The purpose of this section is to review the two major corporate disclosure theories that have been developed and see how they explain the reactions and response of the corporations.



These theories can be seen as overlapping to a certain degree. They are, stakeholder theory, and agency theory (Hackston & Milne, 1996).

Stakeholder theory

Stakeholder theory was first applied to the concept of corporate disclosure in the 1960s and 70s. This led to the addition of many new ideas being added to the literature on corporate disclosure practice regarding the management of companies (Bhaduri & Selarka, 2016).

In recent years, however, stakeholder theory has been increasingly applied to the area of business ethics as well as business strategy and public policy. Despite its early origins, Freeman (1984) can be credited with popularising the term. He defines stakeholders as “groups or individuals who can affect and are affected by the achievement of an organisation's mission” (Freeman, 1984: 153). This includes not only shareholders but also employees, customers, suppliers, creditors, the government, and society as a whole. It has even been asserted that the term may become even more comprehensive in the future to include some forms of non-human life (Gray et al., 1996).

Since Freeman's (1984) publication, a substantial body of literature has emerged on the stakeholder concept, including many books and over 100 articles (Donaldson & Preston, 1995). Deegan (2000) claims that various researchers using different aspects of the theory for different purposes caused this development to become confusing. Various definitions can be found in the literature for 'stakeholder', 'stakeholder model', 'stakeholder management', and 'stakeholder theory'. Several studies explained these concepts in a normative way. Berman et al. (1999), proposed that “managerial relationships with stakeholders are based on normative, moral commitments rather than on a desire to use those stakeholders solely to maximise profits”

Agency theory

Jensen & Meckling (1976) explain the principal-agent relationship as “a contract under which one or more persons (the principal(s)) engage another person (the agent) to do some service on their behalf which includes delegating some decision-making authority to the agent,” (p.308). In this agency's framework, the agents are the managers and the principals are the shareholders. Jensen & Meckling (1976) propose that the basic principal-agent relationship is faced with major issues. This is to say; the agent might not act in a way that is the best for the principal. Moreover, the agency problem is perceived to worsen when information asymmetry is present.

Cormier et al. (2011) suggest that increased amounts of environmental or social disclosure results in lower information asymmetry among a company and its investors, therefore reducing risk for the firm. Thus, shareholders look to regulate the behaviour of managers through bonding costs and supervision (Jensen & Meckling, 1976).

In terms of agency theory, voluntary disclosure can be viewed as one of the bonding costs incurred by managers in order to decrease their agency costs (Jensen & Meckling, 1976). Managers might even signal to shareholders that they are acting to an optimal level via voluntary disclosure (Jensen & Meckling, 1976). It is notable to mention that some theories can be applied to both environmental social performance (ESP) and environmental social disclosure (ESD). For instance, from the perspective of information asymmetry, agency theory can explain ESD, whilst from a point of view of over and under investment; agency theory is more pertinent to ESP, which will be developed on in the following section.

The agency problems common in agency relationship include management's appropriation of bogus pay and sundry fringe benefits, management's involvement in risky investment projects, management's pursuit of personal objectives instead of those of the principal, or deliberate choice to operate sub-optimally. Besides the shareholder-management relationship, an agency relationship may also be in the form of shareholder-lender relationship. This the shareholders do through management. Lenders entrust their money to shareholders, with the expectation that shareholders will honour the loan covenants agreed between the two parties. However, what may happen is that the shareholders,



through management, may pay themselves excessive dividends or take loans contrary to the existing covenants with the lenders.

3. Methodology

This study relied on a deductive approach to review the literature related to corporate disclosure compliance, determinants and methodology. As the deduction will serves to identify apparent gaps in the area. In this study, the researcher will deal with the existing literature on corporate disclosure, and we also categorized the literature according to the type of disclosure based on existing classifications and newly developed ones, and finally established relationships, which will be addressed in the last part of the paper when discussing the map of theories.

Deductive reasoning constitutes a valid reasoning by which it is impossible to accept the premises but reject the conclusion. The deductive approach in constructing the theory of accounting starts with specifying the objective. As soon as the objective is specified, the definitions and assumptions should be clarified. Next, the researcher will develop a logical structure based on the definitions and assumptions in order to reach the objective. This methodology is usually moving from the general to the specific, since the researcher needs to develop a logical structure to achieve the objectives which are based on the definitions and assumptions. The validity of any theory that deduced from this process is extremely dependent on the ability of the researcher in identifying the various components of accounting process and their interrelations in a logical way.

Deductive approach also constitutes developing of an assumption based on the existing theories and forming a research plan to test the assumption (Wilson, 2010). The deductive approach can be explained using the assumption driven from theory. In other words, the deductive approach includes deducing the results from the premises. When a deductive method is applied for a research project, the author formulates a set of hypotheses that need to be tested and next, using a relevant methodology to tests the hypothesis.

Deductive reasoning has specific characteristics that needs to be understood. If the premises of deductive reasoning are accepted, then, the conclusion must necessarily be accepted. In a deductive reasoning, the contents of the result are implicitly stated in the premises, making such argument a non-applicative one. If new premises are added to the argument, then the conclusion must still follow. A deductive argument is either valid or invalid and there is no degree of validity. There is no choice or decision in applying such argument and no judgment is necessary for getting the result and conclusion.

Conclusion and Recommendations

In the literature review section, the researcher depicted the historical antecedents of corporate disclosure research from the database of research Gate and Emerald. The foregoing reveals that discussions on corporate disclosure cannot be dispensed with, as long as corporations maintain their going-concern status. Instead, corporate disclosure will continue to experience a paradigm shift as witnessed in recent years with the advent of sustainability reporting and integrated reporting. Also, financial and non-financial company's characteristics are much interrelated, and can also determine the extent and level of the corporate disclosure quality. It is therefore suggested that, management must device newer means to adequately and qualitatively render their accounts of stewardship to stakeholders in the face of the ever-dynamic business environment; with a view to satisfying the increasing demand for more information by diverse stakeholders. Corporate managers must not only be accountable and transparent, they must be seen to be so. Through this, the capital markets will become more efficient and investors' confidence can be earned.

The theories discussed, formed the theoretical underpinning for prior studies in corporate disclosure, there is the need for a comprehensive and generally accepted accounting theory that will synthesize the individual theories into a consolidated theory of disclosure. The new theory will not only guide the existing and development of new accounting practices but would also explain and predict



accounting practice. Thus, this would help in amalgamating the schools of thought into a unified theory of disclosure. Whereas such a theory may not help in completely obliterating the inherent challenges in corporate reporting occasioned by the dynamics in the reporting environment, it will surely help set the stage towards the alignment of the proposed unified theory with changes in the business environment as they occur.

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