**NEXUS AMONG CORPORATE GOVERNANCE, INTELLECTUAL CAPITAL DISCLOSURE AND FIRM PERFORMANCE**

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**Abstract**

Objective - This study conceptually examines a link among corporate governance, intellectual capital disclosure and firm performance. With the support of signalling theory, this paper develops propositions for the relationship among corporate governance, intellectual capital disclosure and firm performance.

Methodology/Technique –The development and conclusion of this discursive paper as a conceptual one point out the possible relationship among corporate governance, intellectual capital disclosure and firm performance. The underlying methodology of institutional discourse and integration with dynamic parameters is formalized.

Findings - The end results of the conceptual framework of this paper on corporate governance are contrasted with the approach to corporate governance in mainstream literature. Also a theoretical and philosophical background of corporate governance, intellectual capital disclosure and firm performance is examined.

Novelty -Although importance of intellectual capital to firm performance is well established, the triple relationship among board nomination & governance committee and board remuneration committee, intellectual capital disclosure and firm performance is exposed based on the effect of one on another.

Type of Paper: Conceptual.

JEL Classification: M40; M41; M49

Keywords: Corporate Governance, Intellectual Capital Disclosure, Nomination Committee and Firm Performance.

1. **Introduction**

Several studies have shown the contribution of intellectual capital to organization’s performance; however, the triangle relationship among corporate governance, intellectual capital disclosure and firm performance is an area that requires more focus. This is because, the new production system based primarily on technology, knowledge, experience, and stakeholder relationships, to name a few, together are referred to as intellectual capital (IC) whose disclosure is likely to affect the firm performance. In the new economic system, commonly known as the knowledge economy, intangible and intellectual assets are now recognized as important resources. Companies such as software developers, finance, pharmaceuticals, hotels, etc. rely heavily on IC to generate income. Manufacturing companies use integrated circuits alongside their physical assets to enhance their competitive advantage (Abeysekera, 2010).

Failure of firms to identify, properly measure and disclose their intellectual capital will result in the inability to maintain competitive advantage, especially in the face of current economic realities. According to the CEO of Financial Reporting Council of Nigeria, Ambasador iShuaibu iAdamu Ahmed (2021), firms need to identify and nurture their intellectual capabilities in order to survive the current economic realities which are knowledge base. The current pandemic facing the world has exposed firms all over the world to harsh and knowledge base survival tactics.

Firms realize that they cannot survive only on conventional and traditional methods of doing business. As such, they begin to rigorously use various new ideas, developing new technology and software and exploring intellectual capabilities to carry on business to meet up with advancement in the society and business environment. However, firms in developing economies are still trying to identify these initiatives and intellectual capabilities to navigate through the new norm of doing business. As a result, most of these firms have resulted in the laying off their staff, cutting operational and running cost and closing of some branches.

Non-disclosure of intellectual capital is interpreted as an indication of underperformance, leading investors to expect a higher rate of return (which increases the cost of capital) (Verrecchia, 1983). Furthermore, in recent time, firms have become aware of the importance of managing external communication, systematically concerning intellectual capital. Investors and analysts need information to indicate a substantial difference between the type of information found in a firms’ annual reports and the type of information demanded by the market. In general, firms, investors and analysts require more reliable information on managerial qualities, expertise, experience and integrity, customer relations and personnel competencies - all of these factors related to intellectual capital. Failure to provide investors and other stakeholders with this information will affect how they perceive the transparency and competency of the firm.

In addition to this issue, the inability of firms to adequately value and disclose intellectual capital information in their financial reports will result in low and demoralize employees’ performance. Employees, who contribute intellectual capital to the firm, will feel they are undervalued and not adequately rewarded because there is no full disclosure by firms with regards to the intellectual capabilities of employees and their contribution.

This will allow the employees to display non motivated attitude towards work and progress of the firm, as their contributions are not adequately recognized and rewarded. Also, there will be an increase in employee fraud related issues since one of the rationalizations for employees’ related cases is the absence of proper recognition and reward system for employee as noted by Steven, Thomas, Mona & Pill (2006). All of this can directly affect the performance, and in the long run, the survival of the business.

Awareness of intellectual capital value has grown substantially in recent years. Over the last decade, there has been growing recognition that these types of assets have become the most valuable and fastest-growing part of the economy. Today, intellectual assets and their effective management may be the only form of sustainable competitive advantage. As the burgeoning demand for knowledge-based products and services is changing the structure of the global economy, the role of intellectual capital in achieving a competitive advantage which is becoming an important management issue in all sectors and disclosing intellectual capital information in the annual reports of firms, will increase its impact on firms’ survival and value.

Nevertheless, the role of corporate governance in disclosing information in the financial report is essential as a means to relieve the information asymmetry. Thus, identifying corporate governance mechanisms, whose concepts have direct relationship and impact on the disclosure of intellectual capital information, is one of the drivers of this study. {Studies on the effects of corporate governance mechanisms on intellectual capital disclosure focus on variables such as board size, board independence, and audit committee size in Malaysia (Abidin, Kamal & Jusoff ,2009), Singapore (Kamardin, Abubakar & Ishak 2017), United Kingdom (Healy, 2011) and on different sectors of their economies. However, this study considers the variables that specifically, create a link among corporate governance, intellectual capital disclosure and firm performance.

In addition to prior studies, the current study looks at the association between the characteristics of the board, in terms of Chief Executive Officer (CEO) duality, multiple directorships, induction and training of board, board experience and expertise with intellectual capital disclosure and firm performance. The relationship among sub-committee characteristics such as nomination, & governance committee, audit committee, and remuneration committee and intellectual capital disclosure will also be considered in this study.

Consequently, prior studies on corporate governance mechanisms and intellectual capital disclosure were conducted prior to Corona Virus (COVID) pandemic that has affected business activities all over the world and made firms realize the need for knowledge assets in running their business affairs. Hence, this study believes that since firms have realized the need for intellectual capabilities, their disclosure pattern with regards to IC will be different during pre-pandemic and post- pandemic.

Despite the documented importance of IC on firm performance presented by Mutalib, Ibrahim & Hafiz (2018), Abeysekera (2001) and Bontis (2005), there is contradiction on the detail of information disclosed in financial statement regarding IC as some firms disclosed partial information while others disclosed completely no information. Moreover, identifying the appropriate corporate governance mechanisms that have relationship with the disclosure of IC information so that the policies of the firms show signal of capability and strength to the public that can lead to the increase of firm performance has been a challenge. This study intends to fill this gap by considering the relationship between the above-mentioned corporate governance mechanisms and intellectual capital disclosure. This is because, directors’ responsibilities are first to its shareholders and the type of dominated shareholders that a firm has will significantly influence the nature of information to disclose. The rest of this paper captures: literature review at secion two, section three depicts research framework, section four covers the methodology of the study and lastly section five concludes the study.

**2.0 Literature Review**

Numerous studies have been conducted in the areas of corporate governance and intellectual capital disclosure. This study intends to analyze earlier studies in order to emphatically establish the relationship between corporate governance procedures and intellectual capital disclosure. This will be carried out under two categories: corporate governance and intellectual capital disclosure and the impact of intellectual capital disclosure on business performance.

**2.1 Corporate Governance and Intellectual Capital Disclosure**

The impact of various corporate governance structures on the disclosure of intellectual capital has been shown by numerous research. These studies have made the argument that corporate governance factors, such as board characteristics, explain the relationship between corporate governance systems and intellectual capital disclosure. Studies have shown that board independence, board diversity, and board size all have a considerable favorable impact on the disclosure of intellectual capital (Oren, Subhash, Dinesh, and Atchia 2020 & Nicola, Ricciardelli, Rubino, and Vitolla, 2020). However, board characteristics cannot be considered the only factors affecting a company's choice to disclose intellectual capital information in its annual report.Other key aspects of a company's management that can affect the disclosure of intellectual property exist.

Along with the board's features, Baldini and Liberatore (2016), Veltri, and Mazzotta (2016), Rodrigues and Craig (2017), Muttakin, Khan, and Belal (2015) concentrated on the board's ownership concentration, board makeup, and management structure. Their investigations showed a detrimental effect of these variables on the disclosure of intellectual capital by businesses. They suggested that, in addition to other board features, the concentration of ownership and the composition of independent and non-independent directors will have an impact on how corporations disclose intellectual property information. They argued that having a few number of shareholders control the majority of the company's shares would limit the disclosure of intellectual capital since these stockholders favour confidentiality, particularly with regard to internal organizational structures and business operations.

When the past studies are taken into consideration, it is clear that gaps have developed in the variables where the earlier research largely concentrated on the characteristics of the board of directors, audit committee, and ownership structure. However, while these factors are important corporate governance mechanisms that affect the board's decisions about whether to disclose intellectual capital information in the company's annual report, there are other board factors that play an equally important role in determining the board's decision. This comprises the duality of the CEO, multiple directorships, induction and continuing education program of the board, board independence and female presence in the board. On the committee side also, the board governance, nomination, and appointment committees, as well as the remuneration and compensation committee and audit committee characteristics.

Fama iand iJensen’s iagency iframework i(1983) isuggests ithat iCEO iduality iignores ithe iimportance iof iseparating idecision icontrol iand idecision imanagement iand ithat iwhen ithis ihappens, the iboard iis inot ian ieffective idevice ifor idecision icontrol iunless iit ilimits ithe idecision idiscretion iof iindividual itop imanagers, ibecause ione iof ithe iboard’s imost iimportant iroles iis ito ioversee itop imanagement’s iperformance, iallowing ithe iCEO ito iserve ialso ias ichairperson icompromises ithe idesired isystem iof ichecks iand ibalances iand iclearly irepresent ia iconflict iof iinterest. iThus, ithis iduality ihas ibeen iconsidered ito: i(1) iconstrain iboard iindependence iand ireduce ithe ipossibility ithat ithe iboard ican iproperly iexecute iits ioversight iand igovernance irole i(Lorsh iand iMacIver, i1989), i(2) isignal ithe iabsence iof iseparation iof idecision imanagement iand idecision icontrol i(Fama iand iJensen, i1983), iand i(3) imake iit idifficult ifor iinsecure idirectors ito ibe ihonest iwhen ievaluating ifirm iperformance iwhich, iin iturn, ileads ito ilong-term iorganizational idrift i(Carver, i1990). iIn isummary, ia iboard ion iwhich ithe iCEO ihas igreat ipower iis iat irisk iof ihigher iinformation iasymmetries. iThis iissue ireceived isubstantial iattention iin ithe iCadbury iCommittee iReport i(1992), iwhich irecommended ithat ithe irole iof iCEO iand ichairperson ishould ibe iseparate iin ilarge icorporations. iIt ihas ibeen ishown ithat iboards ion iwhich ithe iCEO iis ialso ithe ichairperson iexercise ia iweaker imonitoring ifunction ithan iboards ion iwhich ithe ichairperson iand ithe iCEO iare idifferent i(Jensen, i1993; iGoyal iand iPark, i2002). iBoyd i(1994) inotes ithat iholding ithe ihighly isymbolic iposition iof iboard ichairperson iwould iprovide ithe iCEO iwith ia iwider ipower ibase iand ilocus iof icontrol. iIn ithe isame ivein, iFinkelstein iand iHambrick isuggest ithat ithe icombination iof ithe irole iof iCEO iand ichairperson iis ianother iindicator iof iCEO ipower iover ia iboard i(1996). iThis isuggests ithat iCEO iduality ireduces ia iboard’s iability ito ieffectively iand isoundly icontrol itop imanagement, iwhich icould ithen iresult iin ia ilower ilevel iof ivoluntary idisclosure iand iof itransparency.

In ithe icontext iof iIC ireporting, imultiple idirectorships iprove icrucial ito ithe icreation iof ia ifirm’s ilinks iwith iits ibusiness ienvironment i(Adams iet ial., i2010), iwhich imay ibecome ia isource iof icompetitive iadvantage, ithereby iproviding ibetter istrategic ireasoning iand ivision i(Ortiz-de iMandojana iand iAragon-Correa, i2015). iIn ithis iline, imultiple idirectorships imay ihelp ithe iboard ito iunderstand iand irespond ito iits idemands iregarding iIC ireporting ipractices i(Guerrero iVillegas iet ial., i2018). iSpecifically, iinterlocking idirectorates iare ilikely ito iprovide ivaluable iresources ifor ia iboard ito iimprove iIC ireporting, iwhich iremains ikey ito imitigating ienvironmental iuncertainty iand iso igaining icompetitive iadvantage. iIn ithis iregard, iboard imember iconnections iare ilikely ito iprovide ia iunique iopportunity ifor idirectors ito iobserve ithe iIC istrategies iof iother ifirms iand ito iexchange iinformation iregarding itrends iin iIC ireporting. iTherefore, imultiple idirectorships ienable iboard imembers ito igain iexperience iabout ienvironmental iand isocial ichallenges i(Ramon-Llorens iet ial., i2019) iand ito imanage iinformation iregarding ienvironmental iand isocial istandards, iregulations iand istakeholders’ iexpectations i(Ortiz-de-Mandojana iand iAragon-Correa, i2015). iIn iaddition, idirectors iwho isit ion imore ithan ione iboard iobtain igreater iaccess ito iIC iissues i(Jain iet ial., i2015). iThus, iinterlocking idirectorates, itherefore, ibecome ian ieffective iway ifor idirectors ito iacquire iimportant iknowledge iand iskills ifor istrengthening idiscussions iconcerning iIC ipolicies iand ifor ipromoting iIC ireporting istrategies .

Also, induction iand itraining iprogrammes iincrease idirectors’ iskills iand iintellectual icapabilities iin ithe iboard itasks idomain i(Chiang iand iHe, i2010) iand ihelp idirectors to ibetter iunderstand iand iapprehend itheir iroles iand iresponsibilities iin ithe iboard i(Bernstein iet ial., i2015; iBrown iet ial., i2012). iTraining iis ialso iimportant ito idevelop igroup idecision-making iskills, ito ifoster iethical ibehaviour iand iwhistleblowing iin icase iof imanipulation iof ia iboard imember, iand ito imake imembers ifeel imore iconfident iand imore ilegitimated ito ivoice itheir iown istances i(Maharaj, i2008).

Similarly, board iindependence ideals ispecifically iwith ithe iproportion iof iexecutive iand inon-executive idirectors iin ithe iboard iof ia ifirm. iA ihigher iproportion iof inon-executive idirectors imight iinfluence ipositively ion ithe idisclosure ilevel i(Haniffa i& iCooke, i2005). iIndependent idirectors imay iprovide iadvices iabout istrategic idecisions, iand iimprove imonitoring iof idecisions iand imanager’s iactivities, ithis iwill ireduce iopportunism i(Leftwich, iWatts i& iZimmerman, i1981; iFama i& iJensen, i1983; iChen i& iJaggi, i2000; iHaniffa i& iCooke, i2002). iIndependent idirectors imay ibe ielected iby iblockholders ito irepresent itheir iinterests iand imay ibe iable ito iacquire iinformation idirectly, irather ithan ithrough ipublic idisclosure. iOutside idirectors imay ialso iact ias ia isubstitute ifor imonitoring ithrough ipublic idisclosure i(Eng i& iMak, i2003).

Lastly for board characterisitics, the ievolutionary ibiology iliterature iindicates ithat iwomen ispecialize iin idifferent itasks idue ito ithe idemands iof inature. iAs ia iresult, ithere ihave ibeen iarguments iand icounter-arguments ithat iwomen ihave iimportant icharacteristics inecessary ifor igood igovernance. iSpecifically, iit ihas ibeen iargued ithat iwomen iare iconscientious, irisk iaverse, icompetent iin iaccounting iand ifinance, iand igood idecision imakers. iThis imakes iseveral iresearchers ito ihave irecently ifocused ion ithe ieffects ithat ifemale iexecutives iand idirectors imay ipotentially ihave ion ithe ifirm’s idecision imaking iand imarket ivalue. iNumerous ischolars, isuch ias iAdams iand iFerreira i(2009), iCampbell iand iMingues-Vera i(2008), iand iFarrell iand iHersch i(2005), idocument ithat ifemale idirectors imay ihave ipositive iimpact ion ifirm idecision imaking iand imarket ivalue. iSimilarly, iNielsen iand iHuse i(2010) ialso idocument ithat ifemale idirectors ireduce ithe ilevel iof iconflict iin icorporate iboards, iand ithey iuse iboard idevelopment iactivities, isuch ias iwork iinstructions, ievaluations, idisclosures iand idevelopment iprograms ito iimprove iboard ieffectiveness.

On the committee side, the board's nomination and governance committee is in charge of choosing and proposing candidates for board appointments. It is also accountable for determining the skills, expertise, and experience needed by the board of directors and staff. These board of directors’ activities indicate that the nominating committee plays a significant role in determining the intellectual capital of a firm and has the ability to create the model for intellectual capital disclosure. These functions are outlined in the new Nigerian Corporate Governance Code (2018). Additionally, the board nomination and governance committee’s responsibility is to select and appoint appropriate and qualified manpower that will provide significant impact of intellectual capital capabilities that will ensure increased firm value. By performing its function, the committee is therefore having a direct impact on the relationship between corporate governance, intellectual capital disclosure and firm performance.

The remuneration committee is another construct that will provide strong effect on the relationship among corporate governance, intellectual capital disclosure and firm value. This is because, the type of remuneration and compensation package in place will also determine the type of intellectual capabilities that the firm will attract. Also, when there is robust and appropriate remuneration policies in place, the firm will want to disclose to signal strength and also attract best intellectual capabilities to the firm which will improve the productivity of the workforce which will directly affect the firm performance.

The rise in top executive pay at several UK corporations in the late 1980s drew considerable public attention. The relationship between the Chief Executive Officer's (CEO) compensation and the company's success came under closer scrutiny from a wide range of stakeholders, including academics, lawmakers, and the media. This was frequently found to be lacking or, at best, fleeting. As a result, focus shifted to the process used to calculate the CEO's compensation. Particularly, it was believed that the CEO should not have the authority to determine their own level of compensation. This idea was clearly expressed in the Institutional Shareholders' Committee's declaration on appropriate practices for business directors (1991).

The pertinent proposal with regard to compensation was that the Board create a compensation committee made up wholly or primarily of non-executive directors (and in the latter case chaired by a non-executive director). Executive directors should not have any say in the remuneration plans they get. The annual report ought to provide information on the compensation committee's membership. These recommendations were supported by the Cadbury Report on Corporate Governance (1992), which placed special focus on the fact that senior directors should not be involved in decisions affecting their own compensation.

These claims and studies could be interpreted as a blatant effort to bring US best practices into the boardrooms of British businesses. The Securities and Exchange Commission (SEC) mandated in 1978 that information about the membership, meeting schedule, and objectives of three board sub-committees, namely: the Audit Committee, Compensation Committee, and Nominating Committee, be included in proxy statements. None of these committees were mandated, despite the fact that the New York Stock Exchange began requiring an independent Audit Committee in 1978 (NYSE). There is no denying, however, that when such committees did not already exist, the vast majority of businesses established them as a result of the reporting obligations. The multinational corporations in Nigeria have incorporated these committees into their reports, and later other big Nigerian firms started to do the same. Nigeria adopted the corporate governance code in 2003 in response to the financial crisis of the late 1990s, and it recognizes a number of committees, including the pay committee. Nowadays, it is customary to see mention of the "Remuneration Committee's" activities in a company's annual report. This preferred title might have been chosen in order to prevent any associations with compensation for work-related injuries, etc. Although the title is different, the objective is still the same: to control how much the company's senior executives are paid.

**2.2** **Intellectual Capital and Firm Performance**

Academicians have had numerous conversations about the impact of reporting intellectual property in annual reports and firm success. Some studies have discovered that there is a direct positive association between an organization's success and the amount of information it provides, regarding its intellectual capital. The study by Hatane, Nathania, Lamuel, Darusman, and Devie (2020) that focused on the disclosure of intellectual capital and corporate governance in non-discretionary earnings and market value (NDNI) of firms in the ASEAN-5 is one of the studies that proceed in this direction. The basic theory employed was resource-based theory. They employed standard least squares calculations and multiple linear regression techniques while using a sample of 112 technology enterprises listed in the ASEAN-5 nations. They discovered that NDNI raises ICD and even a single component of ICD can have an impact on treasury operations. The study also showed that all of the performance measures employed in the study were beneficial to the ICD. However, when determining the impact of ICD disclosure on business performance using a market-based performance measure, which links three corporate governance variables, board size, board gender, and board independence, it may not accurately reflect the reality of the relationship between ICD and business performance. Since external economic factors other than internal business operations can also have an impact on market-based performance measurement.

On the other hand, Tamer and Mohammed (2020) discovered a shaky link between ICD and business success. They looked at the immediate role of intellectual capital disclosure in corporate governance as well as the connection between the two. As the underlying theory, they used the resource dependence theory, and they applied multiple linear regression on a sample of 150 companies listed on the Egyptian Stock Exchange. The study discovered that the total CG score had a considerable favorable impact on both the ICD and business performance indicators. However, the ICD only has a limited immediate impact on the correlation between the total corporate governance score and the operating efficiency index of the organization.

The impact of ICD on the market value of the company is another issue brought up by Ute and Robert in 2019, Albertini, Fabienne, Stéphane, Laurence, Milos, and Walliser in 2020, and Anifowose, Abdulrashid, and Annuar in 2017. The findings of their research primarily confirm the anticipated benefits of the voluntary ICD-on monetary value for reporting enterprises, i.e. Lower capital costs translate to higher company value. Additionally, CEOs emphasize two new themes: environmental capital and digital capital, which are important contributors to wealth development. This study is based on an enhanced study design that takes into account the theoretical framework and idea of value relevance, adequate sample numbers, and alternate sources of intellectual property disclosure.

Theoretical literature suggests that IC has an impact on the performance of businesses in a good way (Inkinen, 2015). For instance, Gu and Lev (2011) suggest that IC is a crucial factor in driving economic growth and corporate performance across the majority of economic sectors. Clarke (2011) suggests that a company's worth is frequently built on its intangible capital assets; as a result, the effectiveness of intangible capital use has a direct impact on performance. Lin (2017) is correct, while Cuozo et al advanced similar arguments in 2012, as he points out that empirical study is required because there is insufficient data to support the theory (Wang and Chang, 2005), particularly given that the outcomes of recent studies are inconsistent. Some studies have demonstrated that IC has a favorable impact on a company's performance. Others are inconclusive (Huang and Liu, 2005; Kamath, 2007; Ghosh and Mondal, 2009; Maditinos, 2011; Denopoljac, 2016), whereas the majority of the literature has focused on developing market economies. Kamath (2007) contends that these economies have stronger IC effects because they have a surplus of intellectual capital and ratios of intellectual capital and human capital available for utilization. Sukumaran et al. argue that frontier markets are smaller and less accessible than developed market countries, according to an argument made in 2015. These markets might be seen as a sub-class of emerging market economies. Kuwait is one of the 23 markets that MSCI now includes in its Frontier Markets Index, making it a significant global index provider (MSCI, 2016). Therefore, this study fills in these gaps in the literature on IC and looks into the assertion that ICD is a key factor in company performance. It specifically explores the relationship between traditional indicators of firm performance, such as revenue, and the level of disclosure made by firms.

Furthermore, the majority of these studies were conducted prior to the paradigm-shift on the impact of COVID on the business environment. The time difference before and after the pandemic is likely to have an impact on how corporations value and disclose their intellectual capital. In fact, the business sector as a whole has shown that it is necessary to properly assess and recognize intellectual capital in order for them to thrive and preserve a competitive advantage.

**3.0Research Framework**

**INDEPENDENT VARIABLES DEPENDENT VARIABLES**

**BOARD CHARACTERISTICS**

CEO Duality

Multiple Directorship

Induction & Continuing Education

Board Independence

Female Presence in the board

**ICD**

Human Capital

Structural capital

Relational capital

**BOARD NOMINATION & GOVERNANCE COMMITTEE**

Chairman’s Experience

Chairman’s Expertise

Committee Independence

**PERFORMANCE**

ROA

TOBIN’S Q

 **MODERATING VARIABLE**

**Ownership Structure**

Managerial Ownership

Institutional Ownership

**REMUNERATION COMMITTEE (RC)**

Chairman’s Experience

Chairman’s Expertise

Committee Independence

**AUDIT COMMITTEE (AC)**

Chairman’s Experience

Chairman’s Financial expertise

AC Independence

Figure 1: Relationship among Corporate Governance, Intellectual Capital Disclosure and Firm Performance

According to Organization for Economic Co-operation and Development (OECD,1999), corporate governance is the way and manner at which organisations are being governed and ruled; it further views corporate governance as the system by which business corporations are directed and controlled. Controlling or governing organizations includes the business operations and also the organization’s relationship with both internal and external stakeholders. A significant means for maintaining good relationship with stakeholders in creating value to the organization is through reporting or disclosure. The corporate governance structure in place for any organization is majorly responsible among other responsibilities to report the business activities through financial reports. Items in the financial reports can be mandatory, that is, those items that are required by the law to be reported in the financial statements of firms and failing to disclose these items may result in sanctions from relevant authorities. On the other hand, there are those items that are voluntary and recommended; these items are not compulsory but are deemed important. With regards to these important items, the corporate governance of a firm is solely responsible for reporting or not reporting them in the financial statement.

Intellectual capital disclosure falls within the jurisdiction of recommended items to be disclosed in the financial statement, as such, corporate governance plays a significant role in an organization towards determining if information on intellectual capital will be disclosed or not, and if to be disclosed, what extent of disclosure should be provided. In view of the above, this study carefully selects corporate governance constructs that are significant to the decision of whether to disclose intellectual capital or not and to what extent should the disclosure be made. These constructs are the board characteristics, board nomination & governance committee characteristics, ownership structure and audit committee characteristics.

The nomination and governance committee characteristics considered are the chairman’s experience and expertise committee independence and committee gender composition. These items are influencing factors with regard to the decision of disclosing intellectual capital information. The expectation is that firm with larger nomination and selection committee size will have more experience and diverse deliberations and views that will nominate and recommend for selection members and top management employees that can contribute to the intellectual capital of the firm, while the composition of independent non-executive directors on the nomination committee of the firm are expected that with their independent nature and vast experience, they will influence decision taken at the nomination committee.

Two major factors explain the presence of female directors on the nomination and selection committee towards influencing the decision to disclose intellectual capital. First, women directors employ a more trust-building leadership style than the men, such that their commitment to “trust-building requires more information exchange and lower information asymmetry” (Srinidhi, 2011). The second is that female directors exhibit greater diligence in monitoring (Adams & Ferreira, 2009). In view of this, it is clear that board nomination and selection committee majorly perform an influencing role towards the disclosure of intellectual capital information by firms.

The functions that the remuneration committee performs, according to the Nigerian Code of Corporate Governance (2018), include, among others: development of a formal, clear and transparent framework for the company’s remuneration policies and procedures and recommending to the board on the company’s remuneration policy and structure for all directors and senior management employees. This committee is expected to motivate the directors and employees by ensuring that they are adequately remunerated, by doing so, the directors and employees will ensure that they appropriately use their skills, knowledge and expertise in ensuring that the firms succeed. This is to say that, firms with proper and adequate remuneration policy in place for their directors and staff, will want to disclose intellectual capital because there is a direct relationship between the remuneration policy of an organization and the intellectual capital contributed by its directors and employees.

Another corporate governance construct is the ownership structure which refers mainly to the composition of those who own shares of the organization. This is also expected to perform a moderating role of disclosing intellectual information in the financial reports of the organization. This is because the board of any firm has responsibility first to their shareholders before other stakeholders; as such, firms with managerial ownership are expected to positively influence the decision to disclose more intellectual capital information as this will be an avenue to communicate or signal other stakeholders of their managerial expertise in carrying out the activities of the firm. However, institutional ownership is expected to disclose less information about intellectual capital; this is because firms with either direct or indirect holding in other firms will prefer that activities of the firm be made less publicly. Therefore, ownership structure is expected to also perform moderating role towards the disclosure of intellectual capital information by listed firms in Nigeria.

Consequently, the audit committee is mainly responsible in ascertaining whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices; as such, it oversees and endorses information to be reported by the organization in their financial statements. Where there are audit committee members with financial expertise, it is expected that with their financial knowledge, they are likely to endorse financial reports that disclose more intellectual capital of the firm.

Lastly, for each decision-making regarding information communicated to stakeholders, it is expected to have some effects on the overall performance of the organization. In view of this, the current study expects that when a firm discloses more intellectual capital information in its financial report, it is expected to have positive effect on the performance of the firm. This is because among the variables of intellectual capital is the human capital, referring to the employees of the firm. When information about the employee’s activities, directors’ initiatives and expertise are disclosed in the annual reports; this can motivate the employees and give them sense of belonging and job security. In return, they will continue to improve and give their best which will directly result in increased performance of the firm. Also, disclosing intellectual capital information will give signal to external stakeholders, regarding the capabilities and operational efficiencies of the organization which can directly reduce the firm’s cost of capital and directly affect the firm’s performance.

**4.0 Methodology**

To confirm the nature of their relationship, this conceptual paper primarily relies on a survey of the literature on the relationship among corporate governance, intellectual capital disclosure, and business performance. This study will employ a quantitative research approach to determine the nature of the relationship between corporate governance, intellectual capital disclosure, and business performance in order to confirm the hypotheses. The development and conclusion of this discursive paper, as a conceptual one, point out the possible application of a process-oriented epistemology of unity of knowledge to corporate governance. The underlying methodology of institutional discourse and integration with dynamic parameters is formalized.

**5.0 Discussion and Conclusion**

The relationship among corporate governance, intellectual capital disclosure, and firm success has only received limited research attention. This suggests that businesses have proven their dedication to continuing to disclose their intellectual capital and do well despite the current code of corporate governance implementation. The current study looks at the strong link that existed among corporate governance specific variables, intellectual capital disclosure and firm performance. Strong corporate governance should be used to support these businesses by disclosing adequate information in their annual reports to show their strength and capabilities. This is why, the study considers key committees variables that are believed to have direct link with intellectual capital disclosure and firm performance.

The nominating, audit, and remuneration committees carry out particular duties in the decision-control process, according to the agency perspective (Fama and Jensen, 1983). Consequently, the board's organizational and structural design can influence how well it monitors information asymmetries by extension, information disclosure. The CEO cannot choose and nominate outsiders because doing so could lessen their independence, but a nominating committee made up of a majority of independent directors can make sure of that. Boyd (1994) examined the claim that companies with high agency costs try to reduce these costs by increasing monitoring activities through audit committees using an agency theoretic perspective.

For a more accurate evaluation of senior management choices and performance, an audit committee with a majority of independent directors can improve the quality of financial information. A compensation or remuneration committee made up primarily of independent directors can better align the interests of top executives and shareholders by having openly disclosed remuneration packages. As a result, their participation on these committees may indicate how important independent directors are in overseeing senior management teams. Understanding a board's organizational structure better can enable transparency in the decision-making, control, and disclosure processes.

In conclusion, it is realized that the company's board of directors will probably choose to reveal information that is required by its shareholders while also making sure that doing so would not negatively impact the company's performance. This study holds that the corporate governance in place will disclose information, including disclosure of intellectual capital, that will only reflect its strength and positively enhance its performance. In cases when the public would be made aware of the firm's weaknesses by the revelation of information about intellectual capital, corporate governance would not make that information available.

To support this assertion, however, empirical data is required. This paper focuses on the need to understand the nature of the connection among corporate governance, disclosure of intellectual property, and business performance. The outcome will demonstrate how individuals responsible for governance participated in thriving intellectual capital disclosure in business reporting. As a result, active participation from the board nomination and selection committee is required both during and after board member selection. This study presents hypotheses to investigate the connection among corporate governance, intellectual capital disclosure, and business performance under the direction of pertinent theories. This study focuses specifically on the significance and participation of corporate governance during the adoption of new policy that necessitates modifying or improving business processes. Greater intellectual capital disclosure, increased business value, and increased shareholder wealth will all be made possible by the governance involvement, which will ultimately lead to economic growth and national development.

Lastly, this study, considers the conceptual relationship that exist among corporate governance, intellectual capital disclosure and firm performance by providing background as well as theoretical backing for such relationship using variables that directly affects this triangular relationship. As such, the conclusion of this study is limited to provide only conceptual support and background understanding and cannot replace empirical findings. In view of this, it is important that future studies consider, empirical relationship among corporate governance, intellectual capital disclosure and firm performance using variables from this study’s model.

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