Theories and Determinants of Voluntary Disclosure

Shashidhar Yadav J[a], Subramanyam Mutyala[b]
[a]Research Scholar, REVA University, Bengaluru, Karnataka, India
[b]Associate Professor, Research Guide, REVA University, Bengaluru, Karnataka, India

Abstract

The aim of this paper is to discuss the theoretical aspects of voluntary disclosure in terms of its role in the economy, theories usually used in the literature to explain voluntary disclosure, its determinants and the common sources of voluntary disclosure. Voluntary disclosure theories commonly used in the literature include theory of agencies, theory of signals, theory of capital needs and the theory of legitimacy. Voluntary disclosure determinants fall into motivations and constraints. Finally, various sources of voluntary disclosure of information are discussed to clarify why annual reports are the preferred source of information. The paper gives a snapshot of various interested parties, including academics and practitioners, for voluntary disclosure. Academicians would use this paper to design empirical research on voluntary disclosure. Practitioners could probably better understand the behaviour of companies to increase or decrease the disclosure of voluntary information.

KEYWORDS: Voluntary disclosure, theory of agencies, theory of capital needs, theory of signalling, theory of legitimacy.

1. INTRODUCTION

Disclosure is a crucial part of financial reports, where processed accounting information are resented in financial statements. Disclosures includes various information influenced by distend factors with limitations. Financial and governance aspects are two factors that affects the transparency and Disclosure (Bushman et al., 2004).

The presence of another data notwithstanding the fiscal summaries will frame another certainty among financial specialists. Organizations that have uncovered more data is required the financial specialist will acquire the trust of the network. Expanded open trust in the organizations that have done the divulgence is relied upon to drive the expansion in sales value and stock price.

Disclosure can be classified into Mandatory and Voluntary Disclosure. Mandatory disclosure is a compliance as per law. Voluntary disclosure is a management decision in making by the users of annual report. Every public company are required to prepare financial statements audited by a public accountant as a form of accountability, especially to the owners of capital. The reaction volume dependent on the reaction rates and the relationship between price and trading volume reaction closer to dependency rather than closeness of their relationship (Bushman et al., 2004). Voluntary disclosures in Annual reports are tool of communication to promote and provide details to stakeholders from Management (Abeysekera & Guthrie, 2005).

Financial reports play important role in communicating with stakeholders, in accounting prospective. It creates strong base for companies in sustainable

development (Abeysekera& Guthrie, 2005; Deegan, 2002).The term ‘voluntary disclosure’, in this study, refers to any supplementary information apart from the mandatory disclosures required by law, rules, or standards, and/or other government and securities rulings, provided by a company in its annual report (For example, Barako, Hancock, &Izan, 2006; Boesso& Kumar, 2007; Chau &Gray, 2002; Hossain & Hammami, 2009; Wang & Claiborne, 2008; Watson, Shrives, & Marston, 2002).Voluntary disclosure is important studies analysing quality and implications of financial reporting. Further number of studies made a reference to credibility of voluntary disclosure in Financial reporting for instance Stocken (2000), Uyar and Kılıç (2012), Qu, Leung, and Cooper (2013) and Ho and Taylor (2013) stated that voluntary disclosure can create sustainable and positive growth in business performance and firms ‘Value based on the mangers’ in disclosing additional information.

Voluntary disclosure is a communicational tool that revels the vital value of transparency, reporting companies present voluntary disclosures in distinguished way as there is no pattern in presentation of voluntary information. Many international studies have emphasised on nature of Voluntary disclosures but emerging economies have received less attention. Voluntary disclosure is diversified and presented in quantitative, qualitative and narrative in nature. Various studies have found that voluntary disclosure is presented in various dimensions depending upon circumstances.

To differentiate the features of voluntary disclosure, studies have often used common and standard method of measuring the level of disclosed information. Voluntary disclosure information can be classified into various categories. It includes General, corporate, strategic, management, shareholders, financial, corporate social responsibility and forward-looking information. Every categoryhas sub- categories that describe and explains the contents of Information in each category (Hassan, Romilly, Giorgioni, & Power, 2009).

Voluntary disclosure determinants and relations with emerging countries According to Adams(2002), a set of systematic factors relating to a company's characteristics and its external environment are a set of attributes that influence managers ' voluntary disclosure behaviour. Voluntary disclosure is intended to influence the transparency and accountability of companies mainly through the type of information that has been disclosed. The interaction of external factors and the characteristics of an organization can determine potential benefits resulting in higher levels of transparency or, conversely, potential costs impeding successful outcomes (Abeysekera& Guthrie, 2005; Gray, Owen & Adams, 1996). Emerging countries have their own market capitalization uniqueness. Many financial and market crises in emerging countries have had a major impact on the business environment (Belal et al., 2013; Wolfenzon & Morck, 2005).

The scope of this review involves the research on voluntary disclosure in emerging countries. The World Bank uses Gross Domestic Product (GDP) per capita as a measure to classify the markets of a country. Emerging countries often include countries that have reached a minimum GDP level and are in the development cycle's growth phase but whose economies are particularly vulnerable to internal or external forces (Bekaert & Harvey, 2000). These emerging countries are currently the dominant bloc of the majority of the world 's population (Neu, 2001). Due to their economic growth and potential investment benefits, including regulatory reforms,

cross - border trade and monetary policies, emerging markets have become the focus of international companies, personal and individual investors. Many emerging markets have increasing demands on their export companies, promising their shareholders substantial returns (Millar, Eldomiaty, Choi & Hilton, 2005).

As a result of the market phenomenon, researchers have examined the emerging countries extensively (such as Goldstein & Xie, 2009; Klapper & Love, 2004; Wolfenzon&Morck, 2005), especially in the field of corporate governance. These studies, however, focused mainly on the impact of changes in the economic environment on companies ' corporate governance systems. The vast majority of corporate governance studies argued that companies in this market tend to have weak enforcement of corporate governance systems due to the demarcation of emerging countries in the form of their political and social environment and their market growth (Akhtaruddin, Hossain, Hossain, & Yao, 2009; Bedi & Aboagye-Otchere, 2012; Belal et al., 2013; Loukil & Yousfi, 2012; Otchere, 2012; Belal et al., 2013; Loukil & Yousfi, 2012; Othman &Zeghal, 2009; Siregar&Siagian, 2013; Wolfenzon & Morck, 2005).

Akhtaruddin et al. in Malaysia. 2009) found that the quantity of information released on the market is less transparent and more conservative due to the large number of family - controlled companies (one of the corporate governance structure issues).

Xiao, Gao, Heravi and Cheung (2005) have conducted a comparative study between Hong Kong and the United Kingdom and have identified differences in the degree of social responsibility of companies. Companies in the UK are providing more social information than companies in Hong Kong. Xiao et al, et al. 2005) argued that public awareness of social and environmental issues, institutional and regulatory enforcement in the United Kingdom is greater than in the emerging country of Hong Kong.

Since the majority of the studies indicated that emerging countries have weak corporate governance systems, research on voluntary disclosure practices in emerging countries is often associated with low levels of voluntary disclosure (Akhtaruddin et al., 2009; Chau &Gray, 2010; Chau &Gray, 2002; Hossain &Hammami, 2009; Jaggi& Low, 2000). Despite listing agencies and securities commissions requiring listed companies to comply with accounting standards and disclosure provisions, it is often alleged that companies' annual reports do not contain sufficient information other than the disclosure requirements stipulated by the regulators (Akhtaruddin et al., 2009; Haniffa& Cooke, 2002; Ho & Wong, 2001; Rouf& Harun, 2011). This shortcoming results not only in poor voluntary information disclosure, but also poor disclosure compliance on the part of the listed companies (Akhtaruddin, 2005; Healy & Palepu, 2001; Ho & Wong 2001; Leuz & Wysocki, 2008).

2. THEORIES

voluntary disclosures practice Several theories have been found through the literature to explain voluntary disclosure practices, including agency theory, signalling theory, capital need theory, and legitimacy theory.

2.1 Agency theory Jensen & Meckling (1976: 308) define the agency relationship as "a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent." Agents correspond to managers, whereas

principals correspond to shareholders from a companies' perspective. Agency costs stem from the assumption agents and principals the two parties, have different interests. The directors, shareholders, pay the costs of monitoring to limit the aberrant activities of the agents. Bonding costs are paid by agents, managers to ensure that their decisions and actions do not harm the interests of the principal. Residual losses arise when the agents' decisions differ from the decisions that would maximize the benefit of the principal. Accordingly, the agency costs are the sum of the monitoring costs, the bonding costs and the residual losses (Jensen & Meckling, 1976).

The relationship between agencies leads to the problem of information asymmetry because managers have more access to information than to shareholders (Jensen &Meckling, 1976). Optimal contracts are one of the ways to mitigate the agency problem, as they help to bring the interests of shareholders into line with the interests of managers (Healy & Palepu, 2001). In addition, voluntary disclosure is another means of mitigating the agency problem, where managers disclose more voluntary information reducing the agency costs (Barako et al., 2006) and also to convince the external users that managers are acting in an optimal way (Watson et al., 2002).

Finally, regulations are another way to mitigate the agency problem, as managers need to fully disclose private information (Healy & Palepu, 2001). In the presence of regulations, however, complete disclosure is never guaranteed (Al- Razeen & Karbhari 2004). The lack of full disclosure is explained by the conflict between managers ' and shareholders ' interests (Lev & Penman 1990; Samuels 1990). Furthermore, corporate reporting regulations are intended to provide investors with the minimum amount of information they need to make decisions (Al-Razeen& Karbhari 2004).

2.2 Signalling theory Although the signalling theory was originally developed to clarify the information asymmetry in the labour market (Spence, 1973), it has been used to explain voluntary disclosure in corporate reporting (Ross, 1977). As a result of the information asymmetry problem, companies inform investors of certain information to show that it is better than other companies on the market to attract investment and to improve their reputation (Verrecchia, 1983). Voluntary disclosure is one of the signalling means by which companies disclose more information than mandatory information required by laws and regulations to signal that they are better (Campbell et al., 2001).

2.3 Theory of capital needs Companies aim to attract external finance, either through debt or equity, to increase their capital. The theory of capital needs indicates that voluntary disclosure helps to achieve the need for a company to raise capital at low cost (Choi, 1973). According to the Improved Business Reporting: Insights into the Enhancement of Voluntary Disclosure, published by the Financial Accounting Standards Board as part of its broader Business Reporting Research Project in 2001, capital competition leads to increased voluntary disclosure. The reason for this is that " the cost of capital of a company is believed to include a premium for the uncertainty of the investors about the adequacy and accuracy of the information available about the company." Therefore, a reduction in the cost of capital of a company is achieved if investors can interpret the economic prospects of the company through voluntary disclosure (Financial Accounting Standards Board, 2001). The relationship between voluntary disclosure and capital costs was considered to be a positive relationship; the higher the disclosures, the lower the capital cost. As Botosan (2006) however pointed

out, another " research stream indicates that certain types of disclosure could have the opposite effect. "

2.4 Legitimacy theory The theory of legitimacy assumes that a company is not entitled to exist unless its values are perceived to match that of the general society in which it operates (Dowling & Pfeffer, 1975; Lindblom, 1994; Magness, 2006). Therefore, the idea of the theory of legitimacy resembles a social contract between society and the company (Magness 2006). Since the goal of accounting is to provide users with information that helps them to make decisions, i.e. to satisfy social interests, the theory has been integrated into accounting studies. “means of explaining what, why, when and how certain items are addressed by corporate management in their communication with outside audiences” (Magness, 2006: 542).

Since the theory of legitimacy is based on the perception of society, management is forced to disclose information that would change the opinion of external users on its company (Cormier & Gordon, 2001). As an important source of legitimacy, the annual report was identified (Dyball, 1998; O'Donovan, 2002). Legitimization can be achieved through both mandatory disclosures– disclosures made in financial statements on the basis of regulations and voluntary disclosures made in other sections of the annual report (Magness, 2006; Lightstone & Driscoll, 2008).

3. DETERMINANTS OF VOLUNTARY DISCLOSURE

Factors affecting the provision and requirement for voluntary disclosure were compiled through literature by Healy & Palepu (2001) and Graham et al. (2005). The previous studies categorize the factors that affect the decisions of managers to disclose information voluntarily between motivations and constraints. The motivation for voluntary disclosure includes transactions / information asymmetry on the capital markets, contest for corporate control, stock compensation, increased analyst coverage, management talent reporting and compulsory disclosure limitations.

Factors affecting the provision and requirement for voluntary disclosure were compiled through literature by Healy & Palepu (2001) and Graham et al. (2005). The previous studies categorize the factors that affect the decisions of managers to disclose information voluntarily between motivations and constraints. The motivation for voluntary disclosure includes transactions/information asymmetry on the capital markets, contest for corporate control, stock compensation, increased analyst coverage, management talent reporting and compulsory disclosure limitations. Voluntary disclosure restrictions include: disclosure precedent, ownership costs, agency costs and political costs. Litigation cost can be viewed as a motive or constraint.

3.1 Motivations for voluntary disclosure In Healy and Palepu (2001) and Graham et al. (2005), the six motivations for voluntary disclosure are as follows:

3.1.1 Capital market transactions / information asymmetry the perception of investors towards information asymmetry between managers and external investors needs to be reduced if managers want to issue new capital through equity or debt (Myers &Majluf, 1984). As a result, external finance and capital costs should be reduced. As a result, external finance and capital costs should be reduced. Voluntary disclosure of information can help achieve this objective by reducing the asymmetry of information when voluntary disclosure to external investors is increased (Diamond &Verrecchia, 1991; Kim &Verrecchia, 1994; Healy & Palepu, 2001; Graham et al., 2005).

3.1.2 Contest for corporate control the possibility of undervaluation by a company is another reason for managers to increase voluntary disclosure in order to reduce this possibility, especially when poor earnings and stock performance could lead to job loss (Healy & Palepu, 2001; Graham et al., 2005), For example, poor stock performance related to the turnover of Chief Executive Officers (Warner et al., 1988; Weisbach, 1988). Consequently, managers increase the disclosure of information in order to retain corporate control, explain the reasons for poor performance and reduce the possibility of undervaluing the stocks of the company (Healy & Palepu, 2001).

3.1.3 Stock compensation Another reason for increased voluntary disclosure of information is to reward managers with stock- based compensation plans, such as stock appreciation rights and stock option grants(Healy& Palepu, 2001; Graham et al., 2005). There are two reasons for this: firstly, when managers act in the interests of existing shareholders, they will have incentives to reduce contracting costs associated with stock compensation for new employees(Aboody&Kasznik, 2000).

Secondly, when managers are interested in trading their shares, they are motivated to disclose private information in order to comply with the restrictions of the rules of insider trading and to correct any perceptions of undervaluation before the awards expire(Healy& Palepu, 2001; Graham et al., 2005).

3.1.4 Increased coverage of analysts Increased voluntary information disclosure reduces the cost of information acquisition by analysts, since private information management is not entirely required by mandatory disclosure. By increasing the amount of information available to them, the number of analysts following the company would increase (Bhushan, 1989a, b; Lang &Lundholm, 1996; Graham et al., 2005).

3.1.5 Talent management that indicates to investors the ability of managers to predict and respond to future changes in the economic environment of the company is one of the determinants of the market value of the company. Talented managers therefore voluntarily disclose earnings forecast information to reveal their talent (Trueman, 1986; Healy & Palepu, 2001; Graham et al., 2005). Graham et al. Graham etc. (2005) argue that managers limit the disclosure of information that regulators may use against them.

3.1.6 Compulsory disclosure Limitations Since regulations and laws usually do not meet the need for information from investors through compulsory disclosure(Graham et al., 2005), Since, in most cases, laws and regulations provide investors with the minimum amount of information that contributes to the decision - making process (Al-Razeen& Karbhari, 2004), voluntary disclosure of information is necessary. Voluntary disclosure is therefore perceived to fill the gaps missing from compulsory disclosure (Graham et al., 2005).

3.2 Voluntary disclosure constraints Graham et al. (2005) identify factors that limit and/or prevent managers from voluntarily disclosing corporate information:

3.2.1 Disclosure precedent One of the factors that reduces voluntary disclosure of information is the setting of a disclosure precedent, which means that managers will have to maintain the same pattern in the future, although this may be difficult to maintain(Graham et al. 2005). Moreover, the market would expect the company to be committed to the new disclosures and maintain them even if the news is good or bad.

This provides an incentive for managers to reduce voluntary disclosures (Graham et al., 2005).

3.2.2 Ownership costs Ownership information was defined by Dye(1985) as " any information whose disclosure potentially alters the company's future earnings gross of senior management 's compensation," including information that could reduce the customer's demand for the products of a company.

3.2.2 Proprietary costs Proprietary information has been defined by Dye (1985: 123) as “any information whose disclosure potentially alters a firm’s future earnings gross of senior management’s compensation” including information that may decrease customer’s demand for a company’s products. Managers therefore prefer not to disclose information that may affect their company's competitive position in a market, even if this would increase the associated cost of capital. Ownership costs can be said to be a competitive disadvantage (Campbell et al., 2001). Managers may reveal aggregate performance information when their companies perform differently across their segments (Hayes &Lundholm, 1996; Healy & Palepu, 2001). On the other hand, companies with similarly decreasing profits across their segments will provide more segment information (Piotroski, 1999).

3.2.3 Nanda et al. costs the Agency. 2003) and Berger and Hann (2003) argue that one of the reasons beyond reduced voluntary disclosure is agency issues. Managers ' desire to keep away from potential attention and to monitor unimportant items such as career concerns and external reputation by stockholders and bondholders is one of the factors that limit voluntary disclosure (Graham et al., 2005).

3.2.4 Political costs In general, managers prefer not to disclose voluntary information that could be used against them by regulators(Graham et al., 2005). The political cost depends on the size of the company, according to Watts &Zimmerman(1978), Political costs depend on the size of the company. Large companies with high profits are more likely to reduce the level of voluntary disclosure of information, to avoid political attacks, such as the threat of nationalization, and to reduce the attention expected to be drawn on the basis of high profits (Wallace et al., 1994; Camfferman& Cooke, 2002; Alsaeed, 2006). Income taxes are also among the political costs incurred, which are heavily dependent on the profits reported; the higher the profits reported, the more taxes the company pays on profits (political costs).

3.3 Litigation costs Litigation may be seen as an incentive to increase disclosure or a disclosure constraint. On the one hand, managers are encouraged to increase voluntary disclosure so that they are not subject to legal action against them as a result of inadequate or untimely disclosures. Managers will also be careful to disclose more information, particularly bad news to limit the threat of litigation (Skinner, 1994, 1997; Francis et al., 1994). Managers, on the other hand, can reduce the voluntary disclosure of forward-looking information due to litigation, especially if managers are at risk of being penalized against their forecasts (Healy & Palepu, 2001; Graham et al., 2005).

4. SOURCES OF VOLUNTARY DISCLOSURES

Corporate information can be represented in a variety of voluntary sources of communication, including magazines, newspapers, press reports, stockbroker advice, shareholder letters, management forecasts, analyst presentations, employee reports, interim reports and annual reports(Healy& Palepu, 2001). However, the annual report

is seen by many users in developed and developing countries as the most important, frequent and important source of information for all other sources. (Epstein &Pava, 1993; Lang &Lundholm, 1993; Cook & Sutton, 1995; Gray et al., 1996; Abu-Nassar & Rutherford, 1996; Bartlett & Chandler, 1997; Botosan, 1997; Naser et al., 2003; Akhtaruddin, 2005; Alattar& Al-Khater, 2007; Catasús, 2008; Chau &Gray, 2010).

In addition, the annual reports provide a core source of information for the public, although additional information may be provided by other reports and company websites (Patel& Dallas 2002). The annual reports are labeled the only formal source of information in many developing countries (Naser&Nuseibeh, 2003; Al- Razeen& Karbhari, 2007), although shareholders may have access to and obtain information directly through the management of the companies (Naser&Nuseibeh, 2003). The annual reports are also published on a regular basis and are publicly available (Catasús, 2008).

Finally, Lang and Lundholm (1993) submitted that the disclosure of annual reports is positively linked to the level of disclosure provided by other media. Therefore, and there are many other means of reporting than the annual report, they still serve as a good proxy for the level of disclosure provided by companies (Lang &Lundholm, 1993). The annual report is intended to provide valuable information to stakeholders in the company, in particular the shareholders(Zairi&Letza 1994).

The information contained in the annual report can be divided into two parts: the first part is financial information, including financial statements, auditor's report and financial statements notes, while the second part is non- financial information, including all other reports, such as the chairman's report, the directors ' reports, the management discussion and analysis section (Naser & Nusseibeh, 2003).

Although management discussion and analysis are part of the category of non-financial information, they have been identified as a source of useful information for financial analysis (Clarkson et al., 1999; Barron et al., 1999). finally, opponents of annual reports argue that they do not provide a rational vision of the future of a company; they are used more for publicity and public relations purposes than for decision- making (Jacobson, 1988).

5. SUMMARY AND CONCLUSION

This paper provided an overview of the theoretical aspect of voluntary communication. Voluntary disclosure theories commonly used in the literature include theory of agencies, theory of signals, theory of capital needs and the theory of legitimacy. Voluntary disclosure determinants fall into motivations and constraints. Six motivations were discussed: capital market transactions / asymmetry of information, contest for corporate control, stock compensation, increased analyst coverage, management talent reporting and compulsory disclosure limitations. Limitations included: precedent for disclosure, ownership costs, agency costs and political costs. Finally, various sources of voluntary disclosure of information were discussed to clarify why annual reports are the preferred source of information. Academics still need future research, as there is no consensus on certain aspects of voluntary disclosure, such as its relationship to capital costs. Practitioners should take into consideration the biases of information disclosed that could not be deleted with regard to voluntary disclosures.

References

Abu-Nassar, M., & Rutherford, B.A. (1996). External users of financial reports in less developed countries: the case of Jordan, British Accounting Review, 28(1), pp. 73–87. http://dx.doi.org/10.1006/bare.1996.0004

Aboody, D., &Kasznik, R. (2000). CEO stock options awards and the timing of corporate voluntary disclosures, Journal of Accounting and Economics, 29(1), pp. 73–100. http://dx.doi.org/10.1016/S0165-4101(00)00014-8

Adams, C. A. (2002). Internal organisational factors influencing corporate social and ethical reporting: Beyond current theorising. Accounting, Auditing & Accountability Journal, 15(2), 223-250. http://dx.doi.org/10.1108/09513570210418905

Al-Razeen, A., & Karbhari, Y. (2004). Interaction between compulsory and voluntary disclosure in Saudi Arabian corporate annual reports, Managerial Auditing Journal, 19(3), pp. 351–360. http://dx.doi.org/10.1108/02686900410524364

Abeysekera, I., & Guthrie, J. (2005). An empirical investigation of annual reporting trends of intellectual capital in Sri Lanka. Critical Perspectives on Accounting, 16(3), 151-163. http://dx.doi.org/10.1016/S10452354(03)00059-5

Akhtaruddin, M. (2005). Corporate mandatory disclosure practices in Bangladesh, The International Journal of Accounting, 40(4), pp. 399–422. http://dx.doi.org/10.1016/j.intacc.2005.09.007

Alsaeed, K. (2006). The association between firm-specific characteristics and disclosure: the case of Saudi Arabia, Managerial Auditing Journal, 21(5), pp. 476–496. http://dx.doi.org/10.1108/02686900610667256

Ağca, A., &Önder, S. (2007). Voluntary disclosure in Turkey: a study on firms listed in Istanbul stock exchange (ISE), Problems and Perspectives in Management, 5(3), pp. 241–286.

Alattar, J.M., & Al-Khater, K. (2007). An empirical investigation of users' views on corporate annual reports in Qatar, International Journal of Commerce and Management, 17(4), pp. 312–325. http://dx.doi.org/10.1108/10569210710844381

Akhtaruddin, M., Hossain, M. A., Hossain, M., & Yao, L. (2009). Corporate governance and voluntary disclosure in corporate annual reports of Malaysian listed firms. Journal of Applied Management Accounting Research, 7(1), 1-19.

Bhushan, R. (1989a). Collection of information about publicly traded firms: theory and evidence, Journal of Accounting and Economics, 11(2/3), pp. 183–207. http://dx.doi.org/10.1016/0165-4101(89)90005-0

Bhushan, R. (1989b). Firm characteristics and analyst following, Journal of Accounting and Economics, 11(2/3), pp. 255–275. http://dx.doi.org/10.1016/0165-4101(89)90008-6

Bartlett, S.A., & Chandler, R.A. (1997). The corporate report and private shareholder: Lee and Tweedie twenty years on, British Accounting Review, 29(3), pp. 245–261. http://dx.doi.org/10.1006/bare.1996.0044

Botosan, C.A. (1997). Disclosure level and the cost of equity capital, Accounting Review, 72, pp. 323–350.

Barron, O.C., Kile C., & O'Keefe, T. (1999). MD&A quality as measured by the SEC and analysts' earnings forecasts, Contemporary Accounting Research, 16(1), pp. 75–109. http://dx.doi.org/10.1111/j.1911-3846.1999.tb00575.x

Bekaert, G., & Harvey, C. R. (2000). Foreign speculators and emerging equity markets. The Journal of Finance, 55(2), 565-613. http://dx.doi.org/10.1111/0022-1082.00220.

Berger, P., & Hann, R. (2003). Segment disclosures, proprietary costs, and the market for corporate control, Working Paper, University of Chicago and University of Southern California.

Bushman, R., Piotroski, J., Smith, A. (2004), What determines corporate transparency. Journal of Accounting Research, 42(2), 207-252.

Barako, D.G., Hancock, P., &Izan, H.Y. (2006). Factors influencing voluntary corporate disclosures by Kenyan companies, Corporate Governance: An International Review, 14(2), pp. 107–125. http://dx.doi.org/10.1111/j.1467-8683.2006.00491.x

Botosan, C.A. (2006). Disclosure and the cost of capital: What do we know? Accounting and Business Research, International Accounting Policy Forum, pp. 31-40. http://dx.doi.org/10.1080/00014788.2006.9730042

Barako, D. G., Hancock, P., &Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. Corporate Governance: An International Review, 14(2), 107-125. http://dx.doi.org/10.1111/j.14678683.2006.00491.x

Boesso, G., & Kumar, K. (2007). Drivers of corporate voluntary disclosure: A framework and empirical evidence from Italy and the United States. Accounting, Auditing & Accountability Journal, 20(2), 269-296. http://dx.doi.org/10.1108/09513570710741028

Boesso, G., & Kumar, K. (2007). Drivers of corporate voluntary disclosure- a framework and empirical evidence from Italy and the United States, Accounting, Auditing and Accountability Journal, 20(2), pp. 269–296. http://dx.doi.org/10.1108/09513570710741028

Bedi, I., & Aboagye-Otchere, F. (2012). Corporate governance and disclosure practices of Ghanaian listed companies. Journal of accounting in emerging economies, 2(2), 140-161. http://dx.doi.org/10.1108/20421161211229817

Belal, A. R., Cooper, S. M., & Roberts, R. W. (2013). Vulnerable and exploitable: The need for organisational accountability and transparency in emerging and less developed economies. Accounting Forum, 37(2), 81-91.

Choi, F.D.S. (1973). Financial disclosure and entry to the European capital market, Journal of Accounting Research, 11(2), pp. 159–175. http://dx.doi.org/10.2307/2490187

Cook, M., & Sutton, M.H. (1995). Summary annual reporting: a cure for information overload, Financial Executive, 11(1), pp. 12–15. Core, J.E. (2001). A review of the empirical disclosure literature: Discussion, Journal of Accounting and Economics, 31(1/3), pp. 441–456. http://dx.doi.org/10.1016/S0165-4101(01)00036-2

Clarkson, P.M., Kao, J.L., & Richardson, G.D. (1999). Evidence that management discussion and analysis (MD&A) is a part of a firm's overall disclosure package,

Contemporary Accounting Research, 16(1), pp. 111–134. http://dx.doi.org/10.1111/j.1911-3846.1999.tb00576.x

Campbell, D., Shrives, P., &Saager, H.B. (2001). Voluntary disclosure of mission statements in corporate annual reports: signaling what and to whom?, Business and Society Review, 106(1), pp. 65–87. http://dx.doi.org/10.1111/0045-3609.00102

Cormier, D., & Gordon, I. (2001). An examination of social and environmental reporting strategies, Accounting, Auditing and Accountability Journal, 14(5), pp. 587–616. http://dx.doi.org/10.1108/EUM0000000006264

Camfferman, K., & Cooke, T.E. (2002). An analysis of disclosure in the annual reports of UK and Dutch companies, Journal of International Accounting Research, 1, pp. 3–30. http://dx.doi.org/10.2308/jiar.2002.1.1.3

Chau, G., K., &Gray, S., J. (2002). Ownership structure and corporate voluntary disclosure in Hong Kong and Singapore. International Journal of Accounting, 37(2), 247-265. http://dx.doi.org/10.1016/S00207063(02)00153-X

Catasús, B. (2008). In search of accounting absence, Critical Perspectives on Accounting, 19(7), pp. 1004–1009. http://dx.doi.org/10.1016/j.cpa.2007.02.002

Chau, G., &Gray, S.J. (2010). Family ownership, board independence and voluntary disclosure: evidence from Hong Kong, Journal of International Accounting, Auditing and Taxation, 19(2), pp. 93–109. http://dx.doi.org/10.1016/j.intaccaudtax.2010.07.002

Chau, G., &Gray, S. J. (2010). Family ownership, board independence and voluntary disclosure: Evidence from Hong Kong. Journal of International Accounting, Auditing and Taxation, 19(2), 93-109. http://dx.doi.org/10.1016/j.intaccaudtax.2010.07.002

Dowling, J., & Pfeffer, J. (1975). Organisational legitimacy: social values and organizational behaviour, Pacific Sociological Review, 18(1), pp. 122–36. http://dx.doi.org/10.2307/1388226

Dye, R. (1985). Disclosure of non-proprietary information, Journal of Accounting Research, 23(1), pp. 123–145. http://dx.doi.org/10.2307/2490910

Diamond, D., &Verrecchia, R. (1991). Disclosure, liquidity, and the cost of capital, The Journal of Finance, 46(4), pp. 1325–1355. http://dx.doi.org/10.2307/2328861

Dyball, M. (1998). Corporate annual reports as promotional tools: the case of Australian National industries Limited, Asian Review of Accounting, 6(2), pp. 25–53. http://dx.doi.org/10.1108/eb060696

Deegan, C. (2002). The legitimising effect of social and environmental disclosures: A theoretical foundation. Accounting, Auditing & Accountability Journal, 15(3), 282-311.

Epstein, M.J., &Pava, M.L. (Eds). (1993). The Shareholder's Use of Corporate Annual Report (Connecticut: JAI Press).

Einhorn, E., &Ziv, A. (2012). Biased voluntary disclosure, Review of Accounting Studies, 17(2), pp. 420-442. http://dx.doi.org/10.1007/s11142-011-9177-0

Francis, J., Philbrick, D. and Schipper, K. (1994). Shareholder litigation and corporate disclosures, Journal ofAccounting Research, 32(2), pp. 137–165. http://dx.doi.org/10.2307/2491279

Financial Accounting Standards Board (2001). Improving Business Reporting: Insights into Enhancing Voluntary Disclosure, The Financial Accounting Standards Board.

Griffin, C.H., & Williams, T.H. (1960). Measuring adequate disclosure, Journal of Accountancy, 109, pp. 43–48.

Gray, R., Owen, D., & Adams, C. (Eds) (1996). Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting (London: Prentice-Hall).

Graham, J.R., Harvey, C.R., &Rajgopal, S. (2005). The economic implications of corporate financial reporting, Journal of Accounting and Economics, 40, pp. 3–37. http://dx.doi.org/10.1016/j.jacceco.2005.01.002

Goldstein, M., &Xie, D. (2009). The impact of the financial crisis on emerging Asia. Peterson Institute for International Economics Working Paper(09-11)

Hayes, R., &Lundholm, R. (1996). Segment reporting to the capital market in the presence of a competitor, Journal of Accounting Research, 34(2), pp. 261–280. http://dx.doi.org/10.2307/2491502

Healy, P.M., & Palepu, K.G. (2001). Information asymmetry, corporate disclosure, and the capital markets: a review of the empirical disclosure literature, Journal of Accounting and Economics, 31(1/3), pp. 405–440. http://dx.doi.org/10.1016/S0165-4101(01)00018-0

Ho, S. M. S., & Wong, K. S. (2001). A study of the relationship between corporate governance structures and the extent of voluntary disclosure. Journal of International Accounting, Auditing and Taxation, 10(2), 139156. http://dx.doi.org/10.1016/S1061-9518(01)00041-6

Haniffa, R. M., & Cooke, T. E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. Abacus, 38(3), 317-349. http://dx.doi.org/10.1111/1467-6281.00112

Hassan, O. A., Romilly, P., Giorgioni, G., & Power, D. (2009). The value relevance of disclosure: Evidence from the emerging capital market of Egypt. The International Journal of Accounting, 44(1), 79-102. http://dx.doi.org/10.1016/j.intacc.2008.12.005

Hassan, O., & Marston, C. (2010). Disclosure measurement in the empirical accounting literature: a review article, Economics and Finance Working Paper Series, Brunel University, Working Paper No. 10–18. http://dx.doi.org/10.2139/ssrn.1640598

Ho, P. L., & Taylor, G. (2013). Corporate governance and different types of voluntary disclosure: Evidence from Malaysian listed firms. Pacific Accounting Review, 25(1), 4-29.

Jensen, M.C., &Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure, Journal of Financial Economics, 3(4), pp. 305–360. http://dx.doi.org/10.1016/0304-405X(76)90026-X

Jacobson, G. (1988). How valuable is the annual report? Management Review, 77(10), pp. 51–53.

Jaggi, B., & Low, P. Y. (2000). Impact of culture, market forces, and legal system on financial disclosures. The International Journal of Accounting, 35(4), 495-519. http://dx.doi.org/10.1016/S0020-7063(00)00076-5

Kim, O. and Verrecchia, R. (1994). Market liquidity and volume around earnings announcements, Journal of Accounting and Economics, 17(1/2), pp. 41–68. http://dx.doi.org/10.1016/0165-4101(94)90004-3

Klapper, L. F., & Love, I. (2004). Corporate governance, investor protection, and performance in emerging markets. Journal of Corporate Finance, 10(5), 703-728. http://dx.doi.org/10.1016/S0929-1199(03)00046-4

Lev, B., & Penman, S.H. (1990). Voluntary forecast disclosure, non-disclosure and stock prices, Journal of Accounting Research, 28(1), pp. 49–76. http://dx.doi.org/10.2307/2491217

Lang, M., &Lundholm, R. (1993). Cross-sectional determinants of analyst ratings of corporate disclosures, Journal of Accounting Research, 31(2), pp. 246–271. http://dx.doi.org/10.2307/2491273.

Lindblom, C.K. (1994). The implications of organizational legitimacy for corporate social performance and disclosure, Critical Perspectives on Accounting Conference. New York.

Lang, M., &Lundholm, R. (1996). Corporate disclosure policy and analyst's behaviour, The Accounting Review, 71, pp. 467–492.

Lightstone, K., & Driscoll, C. (2008). Disclosing elements of disclosure: a test of legitimacy theory and company ethics, Canadian Journal of Administrative Sciences, 25(1), pp. 7–21. http://dx.doi.org/10.1002/cjas.50

Loukil, N., &Yousfi, O. (2012). Firm's information environment and stock liquidity: evidence from Tunisian context. Journal of Accounting in Emerging Economies, 2(1), 30-49.

Myers, S., &Majluf, N., (1984). Corporate financing and investment decisions when firms have information that investors do not have, Journal of Financial Economics, 13(2), pp. 187–222. http://dx.doi.org/10.1016/0304-405X(84)90023-0

Meek, G.K., Roberts, C.B., &Gray, S.J. (1995). Factors influencing voluntary annual report disclosures by U.S., U.K. and Continental European multinational corporations, Journal of International Business Studies, 26(3), pp. 555–572. http://dx.doi.org/10.1057/palgrave.jibs.8490186

Millar, C. C. J. M., Eldomiaty, T. I., Choi, C. J., & Hilton, B. (2005). Corporate governance and institutional transparency in emerging markets. Journal of Business Ethics, 59(1/2), 163-174. http://dx.doi.org/10.1007/s10551-0053412-1

Magness, V. (2006). Strategic posture, financial performance and environmental disclosure: an empirical test of legitimacy theory, Accounting, Auditing and Accountability Journal, 19(4), pp. 540–563. http://dx.doi.org/10.1108/09513570610679128

Neu, D. (2001). Banal accounts: subaltern voices Accounting Forum (pp. 319333): Wiley Online Library. 10.1111/1467-6303.0006

Nanda, D.J., Nagar, V., & Wysocki, P. (2003). Discretionary disclosure and stock-based incentives, Journal of Accounting and Economics, 34(1/3), pp. 283–309.

Naser, K., &Nuseibeh, R. (2003). Users' perceptions of corporate reporting: evidence from Saudi Arabia, The British Accounting Review, 35(2), pp. 129–153. http://dx.doi.org/10.1016/S0890-8389(03)00015-5

Naser, K., Nuseibeh, R., & Al-Hussaini, A. (2003). Users' perceptions of various aspects of Kuwaiti corporate reporting, Managerial Auditing Journal, 18(6/7), pp. 599–617. http://dx.doi.org/10.1108/02686900310482731

Owusu-Ansah, S. (1998). The impact of corporate attributes on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe, The International Journal of Accounting, 33(5), pp. 605–631. http://dx.doi.org/10.1016/S0020-7063(98)90015-2

O'Donovan, G. (2002). Environmental disclosures in the annual report: extending the applicability and predictive power of legitimacy theory, Accounting, Auditing and Accountability Journal, 15(3), pp. 344–71. http://dx.doi.org/10.1108/09513570210435870

Othman, H. B., &Zeghal, D. (2009). A study of corporate governance disclosure and its country-level determinants in the emerging markets (Vol. 8, pp. 125-155): Emerald Group Publishing Limited.

Piotroski, J. (1999). Discretionary segment reporting decisions and the precision of investor beliefs, Working paper, University of Chicago.

Patel, S.A., & Dallas, G. (2002). Transparency and disclosure: overview of methodology and study results - United States, Standard and Poor's.

Qu, W., Leung, P., & Cooper, B. (2013). A study of voluntary disclosure of listed Chinese firms: A stakeholder perspective. Managerial Auditing Journal, 28(3), 261-294. http://dx.doi.org/10.1108/02686901311304376

Ross, S.A. (1977). The determination of financial structure: the incentive signaling approach, Bell Journal of Economics, 8(1), pp. 23–40. http://dx.doi.org/10.2307/3003485

Rouf, M. A., & Harun, M. A.-A. (2011). Ownership structure and voluntary disclosure in annual reports of Bangladesh. Pakistan Journal of Commerce and Social Sciences, 5(1), 129-139. Retrieved from http://www.jespk.net/Publications/Vol/8.pdf

Spence, M. (1973). Job market signalling, Quarterly Journal of Economics, 87(3), pp. 355–374 http://dx.doi.org/10.2307/1882010

Samuels, J.M. (1990). Accounting for development: an alternative approach, Research in Third World Accounting, 1, pp. 67–86.

Skinner, D. (1994). Why firms voluntarily disclose bad news, Journal of Accounting Research, 32(1), pp. 38–61. http://dx.doi.org/10.2307/2491386

Skinner, D. (1997). Earnings disclosures and stockholder lawsuits, Journal of Accounting and Economics, 23(3), pp. 249–283. http://dx.doi.org/10.1016/S0165-4101(97)00010-4

Stocken, P. C. (2000). Credibility of Voluntary Disclosure. The RAND Journal of Economics, 31(2), 359-374. Retrieved from http://www.jstor.org

Suwardjono. (2010), TeoriAkuntansi: PerekayasaanPelaporanKeuanganEdisiKetiga. Yogyakarta: BPFE.

Siregar, S., &Siagian, F. (2013). Corporate governance reporting quality, and firm value: evidence from Indonesia. Journal of accounting in emerging economies, 3(1), 4-20. http://dx.doi.org/10.1108/20440831311287673

Trueman, B. (1986). Why do managers voluntarily release earnings forecasts?, Journal of Accounting and Economics, 8(1), pp. 53–72. http://dx.doi.org/10.1016/0165-4101(86)90010-8

Uyar, A., &Kılıç, M. (2012). Value relevance of voluntary disclosure: Evidence from Turkish firms. Journal of Intellectual Capital, 13(3), 363-376. http://dx.doi.org/10.1108/14691931211248918

Verrecchia, R.E. (1983). Discretionary disclosure, Journal of Accounting and Economics, 5(3), pp. 179–194. http://dx.doi.org/10.1016/0165-4101(83)90011-3

Verrecchia, R. (2001). Essays on disclosure, Journal of Accounting and Economics, 32(1/3), pp. 97–180. http://dx.doi.org/10.1016/S0165-4101(01)00025-8

Watts, R.L., & Zimmerman, J.L. (1978). Towards a positive theory of the determination of accounting standards, The Accounting Review, 53(1), pp. 112–134.

Warner, J., Watts, R., &Wruck, K. (1988). Stock prices and top management changes, Journal of Financial Economics, 20, pp. 461–493. http://dx.doi.org/10.1016/0304-405X(88)90054-2

Weisbach, M. (1988). Outside directors and CEO turnover, Journal of Financial Economics, 20, pp. 431–461. http://dx.doi.org/10.1016/0304-405X(88)90053-0

Wolk, H.I., Francis, J.R., &Tearney, M.G. (Eds) (1992). Accounting Theory: A Conceptual and Institutional Approach (Ohio: South Western Publishing).

Wallace, R.S.O., Naser, K., & Mora, A. (1994). The relationship between the comprehensiveness of corporate annual reports and firm characteristics in Spain, Accounting and Business Research, 25(97), pp. 41–53. http://dx.doi.org/10.1080/00014788.1994.9729927

Watson, A., Shrives, P., & Marston, C. (2002). Voluntary disclosure of accounting ratios in the UK, British Accounting Review, 34(4), pp. 289–313. http://dx.doi.org/10.1006/bare.2002.0213

Watson, A., Shrives, P., & Marston, C. (2002). Voluntary disclosure of accounting ratios in the UK. British Accounting Review, 34(4), 289-313. http://dx.doi.org/10.1006/S0890-8389(02)00077-X

Wolfenzon, D., &Morck, R. (2005). Corporate governance, economic entrenchment, and growth. Journal of Economic Literature, 43(3), 655720. http://dx.doi.org/10.1257/002205105774431252

Wang, K., & Claiborne, M. C. (2008). Determinants and consequences of voluntary disclosure in an emerging market: Evidence from China. Journal of International Accounting, Auditing and Taxation, 17(1), 14-30. http://dx.doi.org/10.1016/j.intaccaudtax.2008.01.001

Xiao, J. Z., Gao, S. S., Heravi, S., & Cheung, Y. C. (2005). The impact of social and economic development on corporate social and environmental disclosure in Hong Kong and the UK. Advances in International Accounting, 18, 219-243.

Zairi, M., &Letza, S. (1994). Corporate reporting, Management Decision, 32(2), pp. 30–40. http://dx.doi.org/10.1108/00251749410054792.