العنوان:	Does Ownership Structure have an Effect on Corporate Voluntary Disclosure ? : An Application on an Emerging Market
المصدر:	الفكر المحاسبي
الناشر:	جامعة عين شمس - كلية التجارة - قسم المحاسبة والمراجعة
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المجلد/العدد:	مج20, ع4
محكمة:	نعم
التاريخ الميلادي:	2016
الشهر:	ديسمبر
الصفحات:	107 - 141
رقم MD:	795668
نوع المحتوى:	بحوث ومقالات
اللغة:	English
قواعد المعلومات:	EcoLink
مواضيع:	الإفصاح المحاسبي
رابط:	https://search.mandumah.com/Record/795668

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Does Ownership Structure have an effect on Corporate Voluntary Disclosure? An Application on an Emerging Market

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Abstract

Most researches carried out to investigate the impact of different types of ownership structure on corporate voluntary disclosure were focused on developed capital markets;which prompts the need to test whether same findings apply on emerging markets. Therefore, the researchers were interested to conduct the study on the most active firms in the Egyptian stock exchange, as one of the largest emerging markets in the Middle East. For the aim of this research, a sample of non-financial Egyptian companies is analyzed, from the annual reports of the 50 most active firms in Egypt, over the period of six years, from 2006 until 2011. To investigate the impact of the different ownership types of corporate structure on the extent of voluntary disclosure of Egyptian firms, a multiple regression model is carried out. The regression results show that only two hypotheses are supported, while two other hypotheses are not supported. The research's findings indicate a significant negative relationship between the managerial ownership and corporate voluntary disclosure, between the institutional ownership and corporate voluntary disclosure, and between the state ownership type of corporate structure and the extent of voluntary disclosure of Egyptian listed companies. The research's findings also indicate a significant positive relationship between the concentrated ownership and corporate voluntary disclosure. In addition, for the control variables, the firm's Profitability, size and

leverage are found to have an insignificant association to the corporate voluntary disclosure of Egyptian listed firms.
Keywords: Voluntary Disclosure, Ownership Structure, Emerging Markets, Egypt.

1. Introduction

Since a very long time, corporate voluntary disclosure started to receive the attention of many researchers and it became the question of consideration and the focus of investigation in various countries. The voluntary disclosure of any corporation is considered one of the most important and significant decisions made for the corporate share value and reputation, as investors choose the firm where they are willing to invest their funds according to its transparency and credibility identified by its disclosure level.

Voluntary disclosure of information tends to reduce the agency problem taking place between managers and shareholders (Soliman 2013b). The fact of disclosing information to shareholders, providing them with the needed knowledge about their business performance, helps to reduce the managerial control over the firms' resources and it can also manage their opportunistic behaviors (Raouf and Al-Harun, 2011).

Most researches carried out in this area were focused on developed capital markets such as Lakhal (2005) in France, Babio and Muiño (2005) in Spain and Lim et al. (2007) in Australia. Focusing on such developed countries creates a simpler area of research to test, due to the stable economic environments and the ease of finding and collecting data. However, a small number of investigations analyzed the impact of ownership structure on corporate voluntary disclosure in emerging economies (Haji and Ghazali, 2013) in Malaysia. Therefore, it is not easy to find researches performed on this area concerning Egypt, as a developing country, which turns the analysis of the possible relations between the ownership structure and the extent of corporate voluntary disclosure to be necessary in order to enhance the economy.

Therefore this study will try to answer the following question: Does the ownership structure impact the corporate voluntary disclosureof the most active 50 non-financial firms listed at Egyptian stock exchange?

For the purpose of this study, ownership structure is examined in terms ofmanagerial ownership, institutional ownership, state ownership, and concentrated ownership. The index that will be used to measure the extent of corporate voluntary disclosure is the one provided by Soliman (2013b), built through a list of 60 items, within six categories. Multiple regression model is applied to examine the relationship between ownership structure and the extent of voluntary disclosure. In this study an important feature is the definition of "voluntary disclosure". Consistently with preceding definitions (Meek et al., 1995 and Adawi & Rwegasira, 2011), voluntary disclosure is considered asan excess of requirements disclosure.

The rest of the study will be divided into; next section;a literature review and hypothesis. Section three; the methodology and the data. Section four analysis and results. Finally, section five concludes the paper.

2. Literature Review and Hypothesis Development

In this study, corporate governance will be represented by Ownership structure.Kararti (2014) stated that ownership structure is like a shareholder structure that refers to the ratio of equity owned by various shareholders.Disclosure and transparency represent one of the essential stakes of corporate governance.Corporate disclosure is usually used in the decision making process by different stakeholders. A review of theories indicates that the most important theories concerning corporate governance issue are the agency theory, stewardship theory, stakeholders' theory and the institutional theory (Maher and Andersson, 1999).

Eng and Mak (2003) tested the relationship between ownership structure and voluntary disclosures in Singapore. Their results showed a significant negative relationship between managerial ownership and voluntary disclosure level, and a significant positive relationship between government ownership and voluntary disclosure. Nevertheless, they found no significant relation between blockholder ownership and the level of voluntary disclosures. Barako, et al, (2006) studied the relationship between different corporate governance variables and the extent of voluntary disclosure in Kenya. The results proved that the existence of aninstitutional ownership, foreign ownership, audit committee, leverage and firm size, have a significant positive association with the extent of voluntary disclosures. On the other hand, Donnelly and Mulcahy (2008) stated that there is no association between ownership structure and voluntary disclosure.

2.1 Managerial Ownership and Corporate Voluntary Disclosure

Managerial ownership signifies that the management of a company owns a large proportion of its shares. In relation to the theories, the agency theory expects that when managers and owners have the same interests and seeking the same benefits, voluntary disclosure level will increase (Jensen and Meckling, 1976).

Many researchers documented significant relationships between the managerial ownership corporate voluntary disclosure. When observed by Mohd-Nasir and Abdulah (2004), a significant positive relationship between managerial ownership and corporate voluntary disclosure was found in Malaysia as the existence of managers' shareholdings reduces agency costs since it helps in aligning the interest between managers and shareholders creating an incentive for the company's managers to increase the shareholders' wealth which is at the same time their own wealth, so that the level of voluntary disclosure will be increased automatically. Even though, a negative relationship was observed by Lakhal (2005), as managers who own significant portion of shares of capital will always try to hold back information and decrease the level of disclosure to enhance their decisional power.

On the other hand, Haji and Ghazali (2013) didn't find any relationship between managerial ownership and corporate voluntary disclosurein Malysia. After the review of these opposing views, there is a need for testing the relationship between the managerial ownership type of corporate structure and corporate voluntary disclosure in Egypt and their significance.

From the previous analysis, the following hypothesis can be generated:

H1: *There is a significant relationship between managerial ownership and the extent of corporate voluntary disclosure of Egyptian companies.*

2.2 Institutional Ownership and Corporate Voluntary Disclosure

Xiao et al. (2004) documented that institutional shares are the percentage of ownership owned by separate legal entities including investment institutions, enterprises, and the foreign partners of joint ventures corporations.However, in relation to the theories, the agency theory expects that voluntary disclosure decreases since institutions shareholders will not ask for it as long as they tend to be integrated in firm's management being aware of all needed information and having high advantage in getting private information (Raïda and Hamadi, 2012).

The impact of institutional ownership on the extent of corporate voluntary disclosure was tested by many researchers as well.

However, researchers found different relationships between institutional ownership structure type and the extent of corporate voluntary disclosure. Schadewitz and Blevins (1998) addressed interim disclosures in Finnish firms and presented an evidence of negative relationship between institutional ownership and disclosure explaining that under institutional ownership, voluntary disclosure is supposed to decrease since institutions shareholders will not insist for it as long as they tend to be integrated in firm's management and being aware of all needed information and having high advantage in getting private information. On contrary, Bushee and Noe (2000) reported a significant positive relationship between institutional shareholdings in firms and the extent of corporate disclosure practices, as a result for the pressure exercised by institutional investors on the firm's management as they own a large proportion of its shares.

From the previous analysis, the following hypothesis can be generated:

H2: *There is a significant relationship between institutional ownership and the extent of corporate voluntary disclosure of Egyptian companies.*

2.3 State Ownership and Corporate Voluntary Disclosure

State ownership represents the existence of government-owned shares, also referred to as governmental ownership (Huafang and Jianguo, 2007). However, according to the signaling theory, firms with high level of governmental ownership, information asymmetry problem is greater, what will make them disclose some information to their external parties to signal and show that they are performing so much better than other private owned firms in the same market and also that they have higher level of transparency and credibility (Spence, 1973; Ross, 1977 and Verrecchia, 1983). In addition, the agency theory suggests that in government- linked firms, agency costs will be higher due to conflicting interests and objectives between goals related to the interest of the state and goals related to the profits of a commercial firm what will increase the level of voluntary disclosure (Eng and Mak, 2003) .

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it as long as they tend to be integrated in firm's management and being aware of all needed information and having high advantage in getting private information. On contrary, Bushee and Noe (2000) reported a significant positive relationship between institutional shareholdings in firms and the extent of corporate disclosure practices, as a result for the pressure exercised by institutional investors on the firm's management as they own a large proportion of its shares.

From the previous analysis, the following hypothesis can be generated:

H3: *There is a significant relationship between state ownership and the extent of corporate voluntary disclosure of Egyptian companies.*

2.4 Concentrated Ownership and Corporate Voluntary Disclosure

Concentrated ownership represents large shareholders, who own large share of the firm's stocks, referred to as block-holder investors or just block-holders. Those block-holders always tend to hold more than 5% of the firm's shares, and for this reason, they are more involved and concerned about the management decisions and actions in order to protect their investments and guarantee high profits (Soliman et al. 2014).However, in relation to the theories, the agency theoryproposes that companies with diffused ownership tend to disclose more information (Jensen and Meckling, 1976).

There are many researchers who investigated the relationship between concentrated ownership type of corporate structure and the extent of corporate voluntary disclosure showing a significant relationship between them. As observed by Chau and Gray (2002), a significant positive relationship between ownership concentration and the extent of voluntary disclosure explaining that block holders always have strong interests in firms so that, they will almost put pressure on firm's management to force managers disclose all the information they need to know.

On the contrary, Barako et al (2006) observed that concentrated ownership and corporate voluntary disclosure are negatively associated discussing that a higher level of ownership concentration may result in lower level of voluntary disclosure adding that block holders may privilege internal communication ways for getting their needed information. However, Donnely and Mulcahy (2007) find no evidence that block holder ownership is related to disclosure.

According to the previous analysis, the following hypothesis can be generated:

H4: There is a significant relationship between concentrated ownership and the extent of corporate voluntary disclosure of Egyptian companies.

3. Research design

3.1 Sample

All data used in this investigation is collected from the Disclosure books and annual reports which were purchased from the Egyptian Company for Information Dissemination (EGID), in order to realize this study throughout testing the previous hypothesis. Data is tested from the year 2006 until 2011. Financial sectors such as banks, leasing companies and insurance companies were excluded from the analysis of the 50 most active firms in Egypt, since they have to follow different requirements of disclosure and corporate governance practices, (Ghazali and Weetman, 2006).

As long as the 50 most active firms of one year always differ from those active in another year, a dummy variable must be formed to manage the impact of non-surviving firms on the study's results (Soliman, 2013b). This dummy variable is symbolized by (FSUR) and it takes the value of one if the same firm is constantly present all through the period of investigation from 2006- 2011, otherwise, it takes the value of zero (Soliman, 2013b).

After excluding the financial sector companies as well as the non-surviving companies and according to data availability and accessibility a sample of 41 Egyptian firms is obtained for a period of 6 years, leaving us with 246 observations.

3.2 Construction of the disclosure index

For the purpose of this investigation, the research model is created to investigate the impact of four variables on only one dependent variable- the voluntary disclosure of firms in Egypt. According to Eng and Mak (2003), Alivar (2006), Soliman (2013b) and Juhmani (2013), voluntary disclosure is always represented by an index.The voluntary disclosure index (VDISCL) is usually derived from the information provided by firms in their annual reports addressing their shareholders. The index that will be used in this study to measure the extent of corporate voluntary disclosure is the one provided by Soliman (2013b), whichresembles to that of Eng and Mak (2003) and Peterson and Plenborg (2006) as they mainly focused on investors' needs. Soliman (2013b) disclosure index represents the following six categories: strategy, market and competition, management and production, marketing, future perspective and human capital. A

scoring sheet was created for scoring companies on the level and the amount of detail of disclosures. A total number of 60 items within the six categories was identified (appendix A). However, this index is un-weighted since it supposes that all elements of all disclosure categories are equally important and significant (Gray et al., 1995).
The level of voluntary disclosure of a firm was calculated using a dichotomous process which allocates a score of 1 if the firm discloses an item and a score of 0 if it does not (Soliman, 2013b). For each firm, a disclosure index was calculated as the ratio of the actual score assigned to the firm divided by the maximum score which is 60. Consequently, the voluntary disclosure index for each firm was computed as follows (Cooke, 1989 and Hossain and Hammami, 2009):

$$VDISCL = \sum_{n=1}^{dj/n}$$

Where: VDISCL is voluntary Disclosure index level, dj = 1 if the item j is disclosed; 0 if the item j is not disclosed; n is number of items.

3.3 Controlling variables

Three control variables were included in the model:

Profitability

Haniffa and Cooke (2002) find a significant positive association between the firm's profitability and corporate voluntary disclosure. Furthermore,Inchausti (1997) discussed from the perspective of agency theory, that managers in a very profitable firm, will almost use information disclosure in order to get personal advantages. Hence, they will disclose additional detailed information as a way of justifying their situation and compensation package. Therefore, a positive relationship is expected to be between profitability and the extent of corporate voluntary disclosure.
In this study, profitability (PROF) is defined as the return on equity (ROE) and measured by the ratio of the company's net income to the company's shareholders' equity (Haniffa & Cooke, 2002 and Juhmani, 2013).

Firm Size

The firm size (SIZE) is known as one of the most important variables in relation with the level of transparency, credibility and disclosure (Lang and Lundholm, 1993). Most of the empirical studies found a positive relationship between firm size and the extent of corporate voluntary disclosure.Barako et al. (2006) found that the larger the firm, the more they will execute voluntary disclosures. So, that there is an expected positive association between firm size and voluntary disclosure. In this study, size (SIZE) will be measured using the logarithm of total assets to eliminate the effect of inaccurate data in the statistical analysis (Barako et al., 2006 and Lim et al., 2007).

Leverage

Ahmad and Nicholls (1994) found that in countries where financial institutions represents a primary source of firm funding, there is a high expectation that firms, which include large amounts of debt on their balance sheet, will execute more disclosure of information in their annual reports.

In addition, such firms usually tend to disclose detailed information about its performance to enhance their chance of obtaining funds from financial institutions. Accordingly, there is an expected positive association between leverage and the extent of corporate voluntary disclosure. In this study, leverage (LEV) is measured by the ratio of total debt over total equity (Baek et al., 2009 and Soliman et al., 2014).

3.4 Definition of variables

The explanations of dependent; independent and control variables are presented in the following table:

Table (1)
Variables Definition and Measurements

Variables	Indicators	Measurement	Expec-ted Sign	Reference
Independent variables				
Managerial Ownership	**MANOWN**	*Total shares held by the senior management/total capital shares*	_	Lakhal (2005) and Juhmani (2013)
Institutional Ownership	**INSTOWN**	*Total shares held by institutions/total capital shares*	+	Bushee & Noe (2000) and Soliman et al. (2014)
State Ownership	**STATOWN**	*Total shares held by the government/total capital shares*	_	Ghazali & Weetman (2006) and Juhmani (2013)
Concentrated Ownership	**CONCOWN**	*Total shares held by large blockholders/total capital shares*	_	Donnely & Mulcahy (2007) and Juhmani (2013)
Dependent variable				
Corporate Voluntary Disclosure	**VDISCL**	*Is assigned a score of 1 if a firm discloses an item and a score of 0 if it does not. For each firm, a disclosure index was computed as the ratio of the actual score given to the firm divided by the maximum score.*		Soliman et al. (2014)
Control variables				
Firm profitability	**PROF**	*Net income/total equity*	+	Haniffa & Cooke (2002) and Juhmani (2013)

Firm size	**SIZE**	*Logarithm of total assets*	+	Barako et al. (2006) and Lim et al. (2007)
Firm financial leverage	**LEV**	*Total debt/total equity*	+	Baek et al. (2009) and Soliman et al. (2014)

3.5 Model development

In this investigation, a multiple regression model is used, as in Huafang and Jianguo (2007), Rouf and Al-Harun (2011) and Juhmani (2013). This multiple regression model is formed to test the impact of the ownership structure on the extent of voluntary disclosure of Egyptian listed firms. From the research models presented in Chau and Gray (2002), Juhmani (2013) and Soliman et al. (2014), we can create the following research model to analyze the impact of our independent and control variables on our dependent variable-corporate voluntary disclosure.

$$VDISCL = \beta0 + \beta1\ MANOWN + \beta2\ INSTOWN + \beta3STATOWN + \beta4\ CONCOWN + \beta5\ PROF + \beta6\ SIZE + \beta7\ LEV + \varepsilon$$

Where:

VDISCL: isvoluntary disclosure index level.

MANOWN: is the managerial ownership.

INSTOWN: is the institutional ownership.

STATOWN: is the state ownership.

CONCOWN: is the concentrated ownership.

PROF: is the firm's profitability.

SIZE: is the firm's size.

LEV: is the firm's debt ratio.

β: represents the regression coefficient, where i= 0, 1, 2 ... 8

ε: represents the error term.

4. Results discussion

4.1 Descriptive statistics

Table 2 presents the minimum, maximum, mean and standard deviation of the variables used in the study. The table indicates that the level of average voluntary disclosure in the sample companies is 40%. It is consistent with Al-Shammari (2008) in Kuwait (46%); Hossain and Hammami (2009) in Qatar (37%) and Soliman et al. (2014) in Egypt (32%) on a sample of 40 firms covering the four year period 2007-2010. It's also shown in the table that voluntary disclosure score level has a minimum of 20% and a maximum of 66%. The low percentage of voluntary information disclosure in annual reports could be referred to the fact that this type of information is voluntary in nature, and no efficient rules or regulations enforce companies to reveal it (Soliman et al., 2014).Regarding the ownership structure variables, Table 4.1 also indicates that the average ratio of managerial ownership is 5.8% and it tends to range between a minimum of 0% and a maximum of 60%, with a standard deviation of 12.3%. The data also shows that, nearly 16% of the sample firms are owned by institutional investors with a minimum of 0%, maximum of 100% and standard deviation of 0.2457. State Ownership has an average of 36.8% with a minimum, maximum and a standard deviation of 0%, 100% and 33.82%, respectively. Last independent variable, the concentrated ownership tends to have an average of 1.9%, with a min of 0% and a max of 60%, and a standard deviation of 5.91%.

As of the control variables, first, the profitability tends to have an average of 17.89, with a min of -56.5and a max of 104.0. The table also shows an average size of 9.18, a min of 7.91 and a max of 10.97. Last control variable, the average leverage for Egyptian listed firms tends to be 1.6, with a min of 0.05 and a max of 11.73.

Table (2)
Descriptive Statistics 2006-2011

	N	Minimum	Maximum	Mean	Std. Deviation
VDISCL	246	.2000	.6667	.403148	.1376092
MANOWN	245	.0	.6	.058	.1227
INSTOWN	245	.0	1.0	.159	.2457
STATOWN	245	.0	1.0	.368	.3382
CONCOWN	245	.0	.6	.019	.0591
PROF	246	-56.5	104.0	17.887	19.5228
SIZE	246	7.9189	10.9775	9.187379	.6483274
LEV	238	.0530	11.7320	1.610456	2.1032944

Where: ***VDISCL:*** voluntary disclosure score level; ***MANOWN:*** Managerial ownership; ***INSTOWN:*** Institutional ownership; ***STATOWN:*** State ownership; ***CONCOWN:*** Concentrated ownership; ***Prof***: profitability; ***SIZE:*** Firm Size; ***LEV:*** Firm Leverage.

4.2. Correlation and Multicollinearity Analysis

To test the correlation between the variables of our research model, a test of linearity was performed to examine whether data are linear or non-linear. The Scatter plot is applied to determine the linearity of the correlation between the corporate voluntary disclosure and each of the independent and control variables. As long as the measures are scales, the Pearson's Correlation Coefficient is employed to assess for the correlation between the variables and determine whether there is a multicollinearity problem in the research model or not. Table 3 shows direction and strengths of the relationships between all variables with one another.

Table (3)

Pearson Correlation Matrix for (2006-2011)

		MANOWN	INSTOWN	STATOWN	CONCOWN	PROF	LEV	SIZE	VDISCL
MANOWN	Correlation	1	-.184**	-.343**	-.005	.026	.148*	.261**	-.032
	Sig.		.004	.000	.941	.687	.023	.000	.613
INSTOWN	Correlation		1	-.542**	.019	.095	-.062	.216**	-.094
	Sig.			.000	.766	.138	.346	.001	.142
STATOWN	Correlation			1	-.271**	.082	-.101	-.109	-.245**
	Sig.				.000	.203	.120	.090	.000
CONCOWN	Correlation				1	-.020	.034	.016	.155*
	Sig.					.752	.598	.807	.015
PROF	Correlation					1	.116	.165**	-.135*
	Sig.						.075	.010	.034
LEV	Correlation						1	.026	.015

	Sig.							.694	.816
SIZE	Correlation							1	-.107
	Sig.								.095
VDISCL	Correlation								1
	Sig.								
Note:									
**. Correlation is significant at the 0.01 level (1-tailed).									
*. Correlation is significant at the 0.05 level (1-tailed).									

Where: ***VDISCL:*** voluntary disclosure score level; ***MANOWN:*** Managerial ownership; ***INSTOWN:*** Institutional ownership; ***STATOWN:*** State ownership; ***CONCOWN:*** Concentrated ownership; ***Prof***: profitability; ***SIZE:*** Firm Size; ***LEV:*** Firm Leverage.

As shown in table 3, the highest correlation existing between the independent variables is -0.542 between the institutional and state ownership. According to Bryman and Cramer (1997), Pearson's correlation between the independent variables is not considered as a problem unless it is higher than 0.80, because independent variables with coefficients greater than 0.80 are supposed of exhibiting a multicollinearity. However, as long as the highest correlation in table 3 is still less than 0.80, so that it confirms that there is no multicollinearity between the independent variables used in our research model. The multicollinearity analysis can be also diagnosed using the Tolerance or the Variance Inflation Factor (VIF), as proposed by Al-Shammari (2008) and Hossain and Hammami (2009). A Tolerance value less than 0.10 or a VIF value greater than 10 supposes the existence of multicollinearity and implies further investigation (Ho, 2006). Since the collinearity statistics shown in table 4 presents Tolerance values greater than 0.10 and VIF values less than 10, subsequently, they also confirm that there is no multicollinearity among the variables in our research model.

Table (4): Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	MANOWN	.603	1.658
	INSTOWN	.389	2.574
	STATOWN	.375	2.665
	CONCOWN	.894	1.119
	PROF	.837	1.194
	SIZE	.784	1.275
	LEV	.868	1.152

a. Dependent Variable: VDISCL

Where: ***VDISCL:*** voluntary disclosure score level; ***MANOWN:*** Managerial ownership; ***INSTOWN:*** Institutional ownership; ***STATOWN:*** State ownership; ***CONCOWN:*** Concentrated ownership; ***Prof***: profitability; ***SIZE:*** Firm Size; ***LEV:*** Firm Leverage.

4.3. Regression Analysis

Regression is a more powerful tool than correlation as it doesn't only explain the direction and strength of a relationship, but shows the casual effect of this relationship.This section presents and explains the regression results for the relationship between ownership structure's different types and the extent of voluntary disclosure.As for profitability, firm size and leverage; they are used as control variables. The multiple regression equation, stated in the previous chapter, was analyzed with the ordinary least squared method (OLS) using the Statistical Package for Social Science (SPSS) program version 20.When carrying out the regression analysis, some measures were conducted as R-Squared, Adjusted R-Squared, F-Statistic, T-Statistic and P-Value. The most important measure of these is the R-Squared which determines how much variability is caused in dependent variable by a given change in independent variable. As well the P-value which is the probability value employed to measure the significance of the relation: If it is lower than 0.05, so that the relation is significant, but if it is more than 0.05 after that the relation is insignificant.Since corporate voluntary disclosure is affected by many factors other than ownership structure, this envisages that a low percentage of variations of voluntary disclosure will be verified by ownership structure, resulting in a low value of R-square. Nevertheless since this study is carried out to test the significance of a relationship, and it was not carried out for the purpose of forecasting, consequently the main focus will be on the P-value not the R-square.Furthermore, as long as the hypotheses formulated to analyze this relationship are declared without a particular direction, then the correlation and regression must be two-tailed (Ho, 2006).The following tables present the regression analysis of the voluntary disclosure of Egyptian firmsafter removing the outliers' effect to avoid any data distortion. As mentioned in table 4.5, the significance of the model is 0.000, which designates that it's highly significant, as long as it's far below 0.05.

Table 4.4 shows that the value of the Multiple Correlation Coefficient (R) is 0.466, which determines the correlation between the actual and estimated values, the Y and the $\hat{y}$. It presents a positive moderate relationship between the Y and the $\hat{y}$, since it's close to 0.5. The higher this value the closer our estimated values to the actual values, the $\hat{y}$ to the Y, and therefore the sample is more close and representative to the population. As indicated in table 4.4, the value of the Coefficient of Determination (R-Square) is 21.7% which shows that 21.7% of the change in the $\hat{y}$ is a result of the change in the independent variables presented in our research model, while 78.3% are affected by other independent variables which are not presented in the model as stated earlier. Also, in table 4.4, the Adjusted R-Square is 0.193, which explains the importance and effectiveness of the independent variables on the model. As long as the Adjusted R-Square (19.3%) is close to the R-Square (21.7%), so the independent variables are confirmed to be important and effective in relation to the $\hat{y}$.

Table (5): Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.466[a]	.217	.193	.1225988

a. Predictors: (Constant), MANOWN, CONCOWN, PROF, LEV, INSTOWN, SIZE, STATOWN

b. Dependent Variable: VDISCL

Table (6): ANOVA[a] Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.955	7	.136	9.077	.000[b]
	Residual	3.442	229	.015		
	Total	4.397	236			

a. Dependent Variable: VDISCL

b. Predictors: (Constant), MANOWN, CONCOWN, PROF, LEV, INSTOWN, SIZE, STATOWN

Table (7): Regression Results

VDISCL = β0 + β1 MANOWN + β2 INSTOWN + β3 STATOWN + β4 CONCOWN+ β5 PROF + β6 SIZE + β7 LEV + ε						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.534	.119		4.503	.000***

	MANOWN	-.382	.087	-.347	-4.411	.000***
	INSTOWN	-.292	.049	-.531	-5.996	.000***
	STATOWN	-.256	.038	-.637	-6.833	.022**
	CONCOWN	.043	.146	-.018	-.291	.772
	PROF	.000	.000	-.026	-.423	.673
	SIZE	.005	.014	.023	.355	.723
	LEV	-.002	.004	-.031	-.517	.606
Notes: ***Significant at 0.01 level ** Significant at 0.05 level * Significant at 0.1 level						

Table 7 shows the impact of the ownership structure on the extent of corporate voluntary disclosure. First, it indicates a strongly sig level of 0.000 for the managerial ownership, which is highly lower than 0.05, and therefore shows a significant relation between the managerial ownership and the corporate voluntary disclosure, as proposed in our first hypothesis. A negative relationship between the managerial ownership and the corporate voluntary disclosure is signified by the -0,382, which supports the first hypothesis of a significant relationship between the managerial ownership and the corporate voluntary disclosure.These findings are consistent with the findings of Samaha and Dahawy (2011) who reported a significant negative relationship between the managerial ownership and the voluntary disclosures in their study applied on the top 30 Egyptian-listed companies followed by the study of Soliman et al. (2014) applied on the most active 50 companies in the Egyptian stock exchange, explaining that managers who hold significant portion of shares of capital usually try to hold back information, in order to enhance their decisional power. On the other hand, those findings are not supported by the findings of Warfield et al. (1995) and Nagar et al. (2003) who found positive relationship between managerial ownership and the extent of corporate voluntary disclosure.

Second, as presented in table 7, another strongly significant level of 0.000 is observed for the institutional ownership, so far of 0.05, which indicates a significant relationship between the institutional ownership type of corporate structure and the extent of corporate voluntary disclosure, as suggested in the second hypothesis. A negative relationship, indicated by the -0.292, between the institutional ownership and the corporate voluntary disclosure is observed. Hence, the results support our second hypothesis of a significant relationship between the institutional ownership and the voluntary disclosure of Egyptian firms. However this result supports the findings of Schadewitz and Blevins (1998) that addressed interim disclosures in Finnish firms and reported an evidence of negative relationship between institutional ownership and disclosure, adding that this could be the result of a high integration of institutional investors in the firm's management what provides them with the advantage of getting all their needed information in a direct way. On the other hand, those findings are inconsistent with the findings of Bushee and Noe (2000) who reported a positive relationship between institutional ownership and the extent of voluntary disclosure as a result for the pressure exercised on the firm's managers.

Third, as indicated in table 7, also a high sig level of 0.000, so lower than 0.05, indicates a significant relationship between state ownership and corporate voluntary disclosure, as suggested in our third hypothesis. A negative relationship, indicated by the -0.256, between the state ownership and the extent of corporate voluntary disclosure is reported. Hence, the results support our third hypothesis of a significant relationship between the state ownership and the voluntary disclosure of Egyptian firms. This finding is consistent with Ghazali and Weetman (2006) who found that state ownership and voluntary disclosure are negatively related in Malaysia, explaining that in a developing country, such as Malaysia, government-linked companies are highly politically associated, and such companies usually disclose less information to protect their political associations besides their beneficial owners. On contrary, Eng and Mak (2003) found a significant positive relationship between state ownership and corporate voluntary disclosure.

Fourth, as mentioned in table 7, a sig level of 0.02, lower than 0.05, indicates a significant relationship between the concentrated ownership and the corporate voluntary disclosure, this result supports our fourth hypothesis of a significant relationship between concentrated ownership and the extent of corporate voluntary disclosure of Egyptian firms. A positive relationship, indicated by 0.043, between concentrated ownership and the voluntary disclosure in Egypt. the This finding is supported by Huafang and Jianguo (2007), who showed an evidence for a positive association between concentrated ownership and corporate voluntary disclosure due to the significant share of stocks owned by block holders.. On the other hand, those findings are inconsistent with the findings ofEng and Mak (2003) and Haniffa and Cooke (2002) who found no evidence that concentrated ownership is related to voluntary disclosure level and a significant negative relationship, respectively.

Finally, in regards to the control variables, as shown in table 7, a sig level of 0.673, greater than 0.05, for the firm's profitability indicates an insignificant relationship with the corporate voluntary disclosure of Egyptian firms. This result rejects our suggestion of positive association between the firm's profitability and corporate voluntary disclosure. This result is consistent with the findings of Saha and Akter (2013) in Bangaladesh on a sample consisting of the listed firms on Dhaka stock exchange in 2011, identifying that there is no relationship between profitability and voluntary disclosure. On contrary, this result is inconsistent with the results documented by Cooke (1989) who found significant positive relationship between firm's profitability and the extent of corporate voluntary disclosure.Table 4.6, also indicates a sig level of 0.723 for firm's size, which indicates an insignificant relationship with the extent of voluntary disclosure of Egyptian Firms, which rejects our suggestion of a positive association between the firm's size and its corporate voluntary disclosure level. This result is consistent with Juhmani (2013) in Bahrain, explaining that larger firms prefer to hide their information from the outsiders. On the other hand, this result is inconsistent with the result reported by Barako et al. (2006) who found a positive relationship between firm's size and corporate voluntary disclosure.As a final point, also shown in table 4.6, a sig level of 0.606, so much greater than 0.05, for the firm's leverage indicates an insignificant relationship with the voluntary disclosure of Egyptian firms. This finding rejects our expected positive association between leverage and corporate voluntary disclosure. This result is supported by Ling and Lee (2012) in Malysia providing evidence that there is no association between firm's leverage and voluntary disclosure. However, this finding is not supported the finding of

Ahmed and Nicholls (1994) who reported a significant positive relationship between firm's leverage and the extent of corporate voluntary disclosure. In point of fact, all the previous results concerning the impact of our control variables on the corporate voluntary disclosure were all supported by the findings of Ling and Lee (2012) not only the relationship between the firm's leverage and disclosure.

4.4. Regression Diagnostics

Cooke (1989) underlined the importance of data screening to analyze the impact of distribution problems, non-linearity, as well as the problems of outliers and multicollinearity. The linear regression is conducted in this research by the OLS method. To justify the employment of OLS in this study, there are four basic assumptions:

1. Linearity: The association between the dependent variable and each independent variable must be linear.Results indicate that there is a mostly constant relationship representing a weak trend with all independent and control variables supporting the findings of the regression model; that indicated a weak coefficient.

Hence, it can be concluded that even when variables were showing a significant relationship with corporate voluntary disclosure, having a low coefficient resulted in weak linearity results.

2. Independence and normality of error: The error terms should be independent, which means that succeeding residuals are not correlated and clarify the absence of serial correlation. Errors must also be identically distributed and have to follow the normal distribution with a constant mean of zero and constant variance.Normality results indicated that data was normally distributed in both; the histogram and P-P Plot.

3. Homoscedasticity: the variance of the error terms should be constant for each single observation.After plotting the residuals against the pedicted values for our research model, Results of the test of homoscedasticity, indicated homoscedacticity.

4. Multicollinearity: There is no linear relationship between two or more independent variables (no multicollinearity).As stated earlier, multicollinearity was tested using Pearson's correlation and collinearity Statistics through the Tolerance and the Variance Inflation Factor (VIF), showing that there is no multicollinearity among the variables in our research model. Hence, it can be concluded that all the independent variables in the research are not correlated to each other.

4.4.1. Checking Autocorrelation

Durbin-Watson (DW) Statistic signifies a statistic method applied to examine for first order serial correlation in the errors of a regression model using the classical linear model assumptions (Wooldridge, 2004). It helps in determining the right combination of the explanatory variables in a research model (Gujarati, 2004). It specifies whether there is autocorrelation in the residuals of a regression or not. The statistic is sorted from 0 to 4 with 0 designating positive autocorrelation, 4 designating negative correlation and a value of 2 shows that there is no auto correlation in the sample (Montgomery et al., 2001). In this study Durbin-Watson was calculated for the regression model and the results are presented in the below Table 4.9:

Table (8)

Checking Autocorrelation

Model	Durbin-Watson
VDISCL = β0 + β1 MANOWN + β2 INSTOWN + β3 STATOWN + β4 CONCOWN+ β5 PROF + β6 SIZE + β7 LEV + ε	0.370

As indicated in table 4.9, the results showed Durbin-Watson (DW) Statistic of 0.370 which is a so far value from 2 and near to 0. This finding points out that there is a positive autocorrelation in the sample. Therefore, the Newey-West Standard Errors on the Stata program was used to Fixe the autocorrelation problem. Table 9 shows the regression results after fixing the autocorrelation problem:

Table (9)

Fixing Autocorrelation Using Newey-West Standard Errors

Variable	Coefficient	Significance Level
Constant	.523	0.000***
MANOWN	-.442	0.000***
INSTOWN	-.324	0.000***
STATOWN	-.277	0.000***
CONCOWN	.083	0.031**
PROF	-.000	0.790
SIZE	.007	0.578
LEV	-.001	0.573
Model Significance	Prob> F	= 0.0000***
Notes: ***Significant at 0.01 level ** Significant at 0.05 level * Significant at 0.1 level		

Comparing all these previous results indicated in table 9, to the results figuring in table 7 in the previous section, it can be concluded that all our research model results after fixing the autocorrection problem are the same as before it. Consequently, the autocorrection problem in our sample was not a severe problem since it was not affecting the results.

5. Recommendations

The corporate voluntary disclosure is observed to be one of the very significant and critical decisions that have an effect on investors' satisfaction, as long as such voluntary disclosure, is considered a sign of transparency or credibility for firms which in turns helps in attracting new investors. Hence, a very minor change in a company's voluntary disclosure level may affect the level of investments on the company's shares, and therefore, firms have to pay attention to their voluntary disclosure level and give it some worthy considerations and concern. In addition, the Egyptian government is required to look for the mechanism to be applied in order to promote and improve good corporate governance practices besides the obligations of disclosure by laws. The Egyptian media is also required to report the importance of credibility and transparency in the information disclosed by firms to enhance better corporate governance practices. As for the investors, they must be aware of the firm's voluntary disclosure and its importance, in order to decide where to invest and to supply their funds in a business which applies their needed disclosure level to guarantee higher level of transparency. Therefore, investors should care about disclosure and give some importance to know complete and accurate information about business performance to enhance their investment decision making through investing in firms with the ownership structure which enhances higher level of voluntary disclosure to decrease the information asymmetry problem between managers and investors.

For instance, our observations of the Egyptian listed firms show significant negative relationships between the managerial ownership or the institutional or the state ownership and the corporate voluntary disclosure. This clarifies that the higher the managerial or the institutional or the state ownership in Egyptian companies, the lower the voluntary disclosure of these companies. First, for the managerial ownership, it's recommended from the capital market authority to fix a certain limit for the representatives of managerial ownership in firms which can be 10% or less to enhance the extent of corporate voluntary disclosure. Second, since it's known that the institutional ownership in firms enhances its performance, so that it will be hard to fix a certain limit for it, as well as for the state ownership. Therefore, policy makers and accounting regulators are required to support in evaluating the extent of voluntary disclosure, by Egyptian companies, especially, those with high level of institutional or state ownership, and clarifying the variation of disclosure, in light of corporate governance mechanisms. It is also recommended that policy makers seek to improve the level of supervision, and to enhance the standard of reporting in Egypt in order to advance the acceptability of annual reports.Our results also show that there is a significant positive relationship between concentrated ownership and the extent of corporate voluntary disclosure of the Egyptian listed firms. This indicates that the higher the concentrated ownership, the higher the level of voluntary disclosure of firms, which is favorable for investors. Hence, firms should encourage ownership concentration to some reasonable extent.

Finally, in order for investors to select the appropriate firm where they could invest their funds, they are in need to have some knowledge and understanding about the firm's ownership structure and an essential understanding of how this ownership structure affects the firm's disclosure decisions.

6. Limitations

This study could have taken into consideration more of the independent variables. The effect of other types of ownership structure on the corporate voluntary disclosure of Egyptian firms could have been analyzed as well, such as foreign held companies, family ownership and individual ownership. These different ownership types of firms' structure could have been taken into consideration in this research model. However, it was hard to include these supplementary variables in our research model as long as there are no foreign owned firms in Egypt in order to examine its impact on voluntary disclosure, and therefore, it was removed from our analysis. In the same sense, it has been found only one family owned firm in Egypt- Talaat Moustafa Group, and including it in our test would have resulted in biased findings; as long as findings cannot actually be built on the base of only one firm as the results would be misleading. Consequently, this variable was also eliminated from our study. As for the individual ownership, after a wide literature review, there was not found any previous study about the relationship between individual ownership and corporate voluntary disclosure, so that there was no literature to build on it a hypothesis concerning the individual ownership. Therefore, this variable has been eliminated from our study. These limitations could have supplied us with a greater understanding and a wider view of the impact of ownership structure on the corporate voluntary disclosure in Egypt.

Another limitation to consider is that we stopped our study to the year of 2011. Analyzing data from the Disclosure books, annual reports and online websites for the most recent years would have resulted in more consistent and reliable findings; however, our study was conducted on the years from 2006 until 2011 only, due to the availability of data since the last published Disclosure book was the one presenting the data of 2011, in addition, the firms' annual reports are not easily obtained and they must be purchased. For that reason, using recent data from 2012 was hard to accomplish and thus, it can be considered another limitation for this study.Finally, the value of the research always depends purely upon the accuracy, credibility, reliability and quality of secondary data. Nevertheless, collecting financial data in Egypt was a hard challenge. Because of its unavailability, data was collected from different sources which produced inconsistency concerning the structure of the financial statements. Therefore, this can be considered as a final limitation for our research.

7. Suggestions for Future Research

The findings of this thesis can open new areas to be examined and studied about firms listed in The Egyptian Exchange. As an end result of the findings of this research a detailed investigation of additional ownership types of corporate structure over the most recent years is required to measure the effect of ownership structure on corporate voluntary disclosure in Egypt. As well, future research can observe a specific type of disclosure such as risk management, environmental reporting, forward looking information and corporate governance disclosure, which could add some additional value to this area of study. The impact of firm characteristics or the impact of board composition on corporate voluntary disclosure can also be observed. Further research could also be carried out by observing Egypt and other countries for the same period of time to be able to compare the findings and conclude broader conclusions. All these areas of research can improve our understanding and perception of the business environment in Egypt and of the nature of voluntary disclosure of the Egyptian listed companies.

Conclusion

This study investigates the effect of ownership structure on the level of voluntary disclosure using a sample of non-financial Egyptian companies listed on the Egyptian Stock Exchange over the period 2006-2011. Unweightdisclosure index composed of 60 items was calculated for each firm. The study reported that Egyptian firms disclose a level of average voluntary disclosure of 40%. The reason behind this low disclosure level is most likely the fact that this type of disclosure is voluntary in nature and there are no existing regulationsfixed by the authoritative accounting and reporting Egyptian bodies that oblige public firms to disclose such information. However, voluntary disclosure is left on the management's hand. Additionally, in an effort to test the relationship between ownership structure on the extent of voluntary disclosure, the results indicatethe following findings. First, a significant negative relationship between the managerial ownership and corporate voluntary disclosure of

Egyptian firms was found, which supports and accepts our first hypothesis. Second, a significant negative relationship between institutional ownership and corporate voluntary disclosure was found, which accepts our second hypothesis. Third, a significant negative relationship between the state ownership type of corporate structure and corporate voluntary disclosure was observed, which accepts and supports our third hypothesis. Fourth, a positive significant relationship between concentrated ownership and corporate voluntary disclosure was found, which accepts our fourth hypothesis. Finally, the profitability along with firm's size and leverage, were found to have insignificant association with corporate voluntary disclosure of Egyptian firms.

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