Curtin Graduate School of Business

Corporate Governance Disclosures – A Comparative Analysis of Countries at Different Stages of Economic Development

Shaheen Sultana

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DECLARATION

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

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ABSTRACT

This thesis examines the drivers of mandatory and voluntary corporate governance disclosure within annual reports of publicly listed firms in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy). Using agency and institutional theories as the theoretical framework, the final usable sample provides 600 firm-year observations for analysis over the period 2006 to 2010. The study develops a comprehensive corporate governance disclosure score for both mandatory (regulated) and voluntary disclosure requirements for each country.

The findings for mandatory disclosure requirements show compliance levels of 54% for Bangladeshi firms, 83% for Malaysian firms and 97% for Australian firms. For voluntary disclosure, Bangladesh continues to lag both other countries at 63%, however Malaysian (89%) and Australian (88%) companies exhibit almost identical levels of disclosure. Empirical findings reveal factors that are impacting the level of disclosure. They suggest that firm level governance characteristics and firm characteristics may impact differently, dependent on the stage of development of the country. For both mandatory and voluntary disclosure, emerging economies such as Bangladesh, with underdeveloped markets and regulation rely heavily on stakeholder groups to enforce disclosures. In this case shareholder and debt-holder activism appears to drive disclosure. For developing counties such as Malaysia with more established regulation, firm level governance arrangements are most significant. Finally for developed economies such as Australia with very high levels of mandatory disclosure (97%), voluntary disclosures are most impacted by company size and age.

Results of the study have implications for regulators, and scholars in terms of understanding how economic and country characteristics may affect disclosures. They should assist in determining regulations to strengthen the corporate governance mechanisms of firms contingent on the level of economic development within countries.

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I would like to thank my supervisors for the guidance, support, patience and encouragement that have been shown over the course of this thesis.

I wish to express my thanks to my parents for all their support, encouragement and sacrifice. I also would like to thank my sisters for their support. Thank you.

DEDICATION

To my mother Ashrafunnesa and,

To my sisters, nieces and all the family members.

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ABBREVIATIONS

AC	Audit Committee
APEC	Asia-Pacific Economic Cooperation
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX CGC	ASX Corporate Governance Council
ASX 2003	ASX Corporate Governance Council Recommendations 2003
BRC	Blue Ribbon Committee
BAS	Bangladesh Accounting Standards
BEI	Bangladesh Enterprise Institute
BFRS	Bangladesh Financial Reporting Standards
BPCD	Best Practices in Corporate Disclosure
BSEC	Bangladesh Securities Exchange Commission
BMLR	Bursa Malaysia Listing Requirements
BSMB	Bursa Securities Malaysia Berhad
BOD	Board of Director
CCGB	Code of Corporate Governance for Bangladesh
CA	Company Act 1994
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGDS	Corporate Governance Disclosure Score
CLERP 9	Corporate Law Economic Reform Program 9
CS	Company Secretary
FASB	Financial Accounting Standards Board (US)
IFRS	International Financial Reporting Standards
EFA	Employees Fund Authority
EU	European Union
FTAs	Free Trade Agreements
GFC	Global Financial Crisis
HIA	Head of Internal Audit
ICAB	Institute of Chartered Accountants of Bangladesh
IAS	International Accounting Standards
ICGN	International Corporate Governance Network
ID	Independent Director
IPO	Initial Public Offering

LTAT	Armed Forces Fund Authority
MCCG	Malaysian Code of Corporate Governance
MICG	Malaysian Institute of Corporate Governance
MSWG	Minority Shareholder Watchdog Group
OECD	Organisation for Economic Co-operation and Development
PLC	Public Listed Company
PNB	Permodalan National Berhad
PPP	Purchasing Power Parity
SCA	Securities Commission Act
SECBD	Securities Exchange Commission of Bangladesh
SIA	Securities Industry Act
SOSCO	Social Security Organization
NYSE	New York Stock Exchange
OLS	Ordinary Least Squares
SEC	Securities and Exchange Commission
US	United States of America

CHAPTER ONE
INTRODUCTION

1.1 Background

This thesis examines, using both cross-sectional and panel data, the drivers of voluntary and mandatory corporate governance disclosure within annual reports of publicly listed firms in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy).[1] The extent of disclosure is one of the key platforms of corporate governance and has a significant influence on corporate governance reporting quality. Empirical research suggests that disclosure has come under increased attention from researchers (Chau and Gray 2002; Eng and Mak 2003; Haniffa and Cooke 2002; Ho and Wong 2001; Ibrahim, Haron and Ariffin 2000; Aktaruddin et al. 2009; Hongxia and Qi 2008; Brownlee 1990; Alam 1989). In spite of the prolonged existence and alleged significance of corporate governance disclosure, this leading accounting principle has been frequently criticized by capital market regulators, accounting standard-setters and scholars alike (Inchausti 1997; Naser, Alkatib and Karbhari 2002). However, the recent global financial crisis (GFC) has resulted in improvements in corporate governance disclosures worldwide in order to reform the global economy (Alsaeed 2006; Bujaki and McConomy 2002; Chau and Gray 2002).

Issues of corporate disclosures and corporate governance have generated increasing attention from scholars, policy makers, regulators and investors from emerging, developing and developed economies (Healy and Palepu 1993; Wallace and Naser 1995). Furthermore, the 1997 East Asian Financial Crisis and the recent post-2000 Global Financial Crisis (GFC) clearly highlights to regulatory bodies,

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[1] The economy of each country (i. e., Bangladesh, Malaysia, and Australia) is classified in accordance with the World Bank country classification; low income, middle income, and high income (i. e., based on gross national income per capita) index. The GDP per capita for Bangladesh, Malaysia, and Australia are respectively, $1,700; $14,700; and $41,000 (The World Bank Country Classification 2014).

investors and the business community the vital importance of corporate transparency and disclosure. This is particularly so given that corporate disclosures are critical to both the development of a firm and the growth of capital markets in a country (Akhtaruddin and Haron 2010; Wallace and Naser 1995).

Due to wide-spread corporate collapses in recent years (for example, Enron and WorldCom, HIH, One-Tel and Parlamat), countries across the world have come to recognise the importance of an effective corporate governance regime (Bushman and Smith 2001; National Association of Corporate Directors 1996; New York Stock Exchange and National Association of Securities Dealers 1999). As a result, regulators universally have introduced regulations/recommendations (for example, the Securities and Exchange Commission (SEC) in the United States of America (US) and OECD principles) expected to improve the quality of corporate governance structures within companies.

The quality of a firm's corporate governance structures is dependent upon the institutional mechanisms within a country including both economic and political factors, legal, regulatory and enforcement standards and the strength of its capital markets. Such a framework recognises that a firm's compliance in corporate governance matters can reduce the expropriation costs in the governance process and partly compensate shareholders for the inefficiency in the institutional arrangements of a developing economy. According to an economic approach to corporate governance, better firm-level corporate governance not only reduces the agency costs, but also enhances the investors' optimism in the firm's future cash-flows and growth prospects. This, in turn, reduces the rate of return expected by the investors leading to low costs of equity capital available to the firm. Likewise, a reduction in the agency costs is likely to cause improved operating and investment performance of the better-governed firms. The reduced cost of equity and the improved operating performance eventually enhance both the firm’s ability to access equity and debt finance ultimately increasing firm value. Therefore, the institutional framework within countries, including its economic development, can have a significant impact on firm operations, including its corporate governance quality, including related disclosures.

The mandatory and voluntary disclosure of information in corporate annual reports and their determinants have attracted considerably more research attention in developed countries than developing ones (Akhtaruddin 2005; Barako and Dulacha 2007), leading to compliance mechanisms being revamped especially in the European Union (EU). They have also assisted the government in issuing directives that facilitate the harmonization process and invariably bring all community companies up to a reasonable level of disclosure. Only a few studies have been carried out in developing countries relating to issues of disclosure and the corporate attributes influencing it (Akhtaruddin 2005; Barako and Dulacha 2007; Dulacha 2007).

Published annual reports are required to provide various users such as shareholders, employees, suppliers, creditors, financial analysts, stockbrokers, management, and government agencies with timely and reliable information useful for making prudent, effective and efficient decisions (Barako, Hancock and Izan 2006; Barako 2007).The extent and quality of disclosure within these published reports vary from company to company and also from country to country. Empirical evidence suggests that corporate governance disclosure benefits users of a firm’s accounting reports in a number of ways (Aktaruddin et al. 2009; Alam 1989; Brownlee 1990; Chau and Gray 2002; Eng and Mak 2003; Haniffa and Cooke 2002;

Ho and Wong 2001; Hongxia and Qi 2008; Ibrahim, Haron and Ariffin 2000). For example, disclosure can control management's opportunistic behaviour in reporting accounting measures used in a contract (Ahmed and Courtis 1999). Another benefit of disclosure is that accurate, relevant and reliable disclosures are seen as a way of enhancing corporate image, reducing the cost of capital, and improving marketability of shares (Chau and Gray 2002). Consequently, the value of the firm increases as a result of high-quality information disclosure and also encourages management to appropriately account for their resources (Naser, Alkatib and Karbhari 2002). Thus, disclosure acts as a significant prompt to the growth and development of capital markets, which are fundamental to the smooth running of any economy. It is believed that successful performance of capital markets significantly depends on the effective flow of information between the company and its stakeholders (Meek, Roberts and Gray 1995).

A number of study have focused on corporate disclosure and capital market development (Akhtaruddin 2005; Barako 2006; Bujaki and McConomy 2002; Buzby 1975; Camfferman and Cooke 2002; Chau and Gray 2002; Chow and Wong-Boren 1987; Cooke 1989, 1992; Depoers 2000; Eng and Mak 2003; Ferguson, Lam and Lee 2002; Firth 1979; Haniffa and Cooke 2002; Ho and Wong 2001; Inchausti 1997; McNally, Eng and Hasseldin 1982; Naser, Alkatib and Karbhari 2002; Owusu-Ansah 1998a; Singhvi and Desai 1971; Street and Gray 2001; Wallace and Naser 1995; Wallace, Naser and Mora 1994). In light of these corporate collapses, there is an increased appreciation of the significance of corporate transparency and disclosure. Information disclosure is seen as a means to improve the marketability of shares, to enhance corporate image, and to reduce the cost of capital (Meek, Roberts and Gray 1995). Companies also make available information in the view that such disclosure will not harm the company (Choi 1973). It is seen that a company discloses information in line with legislative frameworks (Alam 1989; Karim 1996). The study developed a comprehensive corporate governance disclosure score (CGDS) for firms operating in three countries at different stages of economic development: (1) an emerging economy (specifically Bangladesh), (2) a developing economy (specifically Malaysia), and (3) a developed economy (specifically Australia). Analysis is undertaken both cross-sectionally and over time for the period 2006-2010; a five-year observation window transcending the GFC. Key predictor variables hypothesised to impact on the level of CGDS exhibited by firms in the aforementioned countries are formulated and regressed.

The following sub-sections briefly discuss governance related features of the three markets (i.e., Bangladesh, Malaysia and Australia) which are covered in the study; with in-depth discussions provided in Chapter Two.

1.1.1 Bangladesh

Bangladesh, a developing south-Asian country, is one such country in which corporate governance reforms have been enacted. The capital market in Bangladesh is at a premature stage and the corporate environment is characterized by a concentrated ownership structure, bank financing, a poor legal framework and lack of monitoring (Siddiqui 2010).[2] The country has two stock exchanges: the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Although the DSE was established as far back as the early 1950s, the capital market in Bangladesh has not flourished in comparison with other South Asian countries (Siddiqui 2010). In terms of corporate governance regulations, Bangladesh has two major initiatives,

[2] In spite of having a regulatory framework underpinning corporate governance practices in Bangladesh, the current structure in Bangladesh does not provide sufficient legal, institutional, or economic motivations for stakeholders to either encourage or enforce effective corporate governance practices (Bhiuyan and Biswas 2007b; Hossain and Khan 2006a; Karim 1996c). As a result, the poor functioning of capital markets, opaque, unethical or illegal business practices (1) raise the cost of doing business within the economy; (2) distort domestic investment decisions; and (3) impede foreign investment in Bangladesh.

the objective of which is to protect the investors, promote and develop capital markets, and regulate the securities market (Hossain, Hossain and Rahman 2005).The first enacted legislation in Bangladesh was the 2004 Code of Corporate Governance for Bangladesh (CCGB). The CCGB regulations are mandatory for private sector firms, financial institutions, state owned enterprises and non-governmental organisation in Bangladesh (Taskforce on Corporate Governance 2004). A number of key bodies contributed towards the formulation of the CCGB (for example, the Securities Exchange Commission of Bangladesh (SECBD), the Bangladesh Bank (BB), the Institute of Chartered Accountants of Bangladesh (ICAB) and perhaps most importantly, the Bangladesh Enterprise Institute (BEI) etc.).[3] The second legislation enacted in Bangladesh occurred in 2006 when the SECBD (the corporate regulator) in Bangladesh issued an order recommending all publicly listed firms in Bangladesh comply with CG Guidelines issued by the SECBD. The CG Guidelines were issued on a 'comply or explain' basis providing publicly listed firms in Bangladesh with time to determine the suitability and related costs and benefits associated with such adoption.

1.1.2 Malaysia

Corporate governance is not a new concept in Malaysia. Following the Asian financial crisis in 1997, the Malaysian Code of Corporate Governance (MCCG) was introduced in 2000 and, upon the renaming of the Kuala Lumpur Stock Exchange in January 2001, became part of the Listing Rules of the now re-badged Bursa Securities Malaysia Berhad (BSMB).[4] All publicly listed firms on the BSMB are encouraged to comply with the CG Guidelines issued by the MCCG. In fact, similar to firms in Bangladesh, the CG Guidelines were issued on a 'comply or explain'

[3] The BEI was the key entity at the forefront of the development and issuance of the CCGB in Bangladesh.
[4] The Kuala Lumpur Stock Exchange became a demutualized stock exchange in 2004 and was re-named Bursa Securities Malaysia Berhad.

basis. There had been efforts to strengthen the aspects of good governance practices long before the Asian financial crisis in 1997; however, the efforts were done in a piecemeal way (Abdul Rahman 2006). In 1998, the High Level Finance Committee formed by the Malaysian Securities Commission conducted a detailed study on corporate governance which subsequently led to the introduction of the Malaysian Code of Corporate Governance (MCCG) to Malaysian listed companies in January 2001.

The market for corporate control is not widespread in Malaysia (Faccio, Masulis and McConnell 2006), thus the external corporate governance mechanism is largely dependent on regulatory bodies such as the Banking and Financial Institution Act, the Securities Commission Act, the Future Industry Act, the Company Commission of Malaysia and the Financial Reporting Act. An important feature in the Malaysia corporate governance landscape is the close links of large publicly-listed firms with the government and politicians (Gomez and Jomo 1999). The relationship between big business and government often results in politically-linked firms having exclusive arrangements with state-owned firms and have preferential access to major government contracts and loans (Abdul-Wahab, How and Verhoeven 2007; Gomez and Jomo 1999). The rise of these politically linked firms is the results of the country's New Economic Policy Plan of 1970 designed to help native Malaysians. Malaysia has undergone a progression of important regulatory regime and governance changes since the 1997 Asian financial crisis. Malaysian financial reporting practices were governed by a merit-based regulatory regime until 1997 when the new reporting framework and disclosure-based regime were phased in. In addition, the Malaysian regulatory bodies initiated more corporate governance reforms emphasising enhanced transparency.

1.1.3 Australia

Australian firms are regulated pursuant to the Australian Corporations Act 2001 (Corporations Act). Other relevant rules and regulations include the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, (Australian Securities Exchange Corporate Governance Council 2007,), accounting standards which have the force of law and the Australian government's Corporate Law Economic Reform Programme 2004 (CLERP) and the Australian Stock Exchange Listing Rules. Pursuant to Section 769 of the Corporations Act, the ASX develops or adopts listing rules in the interests of the public thus making the ASX part of the regulatory regime within which listed firms disclose required financial information. The ASX prescribes the form and nature of corporate disclosures through listing rules and a continuous disclosure regime backed by the Corporations Act. Specifically, the ASX Corporate Governance Council developed industry-wide corporate governance guidelines for Australian listed companies in March 2003.[5] These guidelines were one of the first regulatory attempts to restore investor confidence after a series of corporate failures in Australia and overseas (e.g. HIH Insurance, WorldCom).Whilst there is no single universally agreed upon model of what constitutes good corporate governance, the ASX Corporate Governance Council developed ten principles believed to constitute good corporate governance (ASX Corporate Governance Council 2003)

In addition to the ten best practice corporate governance principles, the ASX Corporate Governance Council developed 28 supporting recommendations. The best practice recommendations cover corporate governance disclosures, director's expertise, the link between executive pay and company results and whether the board's performance is evaluated. The ASX recommendations serve as reference

5 ASX Corporate Governance Council issued the revised version (i.e., second edition) of the corporate governance guidelines in 2007.

points on board and management accountability, and represent a major enhancement of corporate accountability and practice in Australia (Taylor et al. 2008). The recommendations are consistent with the objective of enhancing accountability, highlighting the Council's drive for greater emphasis on financial reporting disclosure (ASX Corporate Governance Council 2003)

However, as is the case for both Bangladesh and Malaysia, compliance with the ASX CGC's Principles of Corporate Governance and Best Practice Recommendations 2003 is encouraged but not mandatory. The following sub-sections provide greater information on the institutional and economic details of each of the three countries examined, namely Bangladesh, Malaysia and Australia so that there is a greater appreciation of how one country's corporate governance can affect its stock market development.

1.2 Institutional Background

1.2.1 Bangladesh

Bangladesh's economy has grown roughly 6% per year since 1996 despite its political instability, poor infrastructure, corruption, lagging economic reforms, and the global financial crisis and subsequent recession. Although more than half of its GDP is generated through the service sector, almost half of Bangladeshis are employed in the agricultural sector with rice as the single-most-important product. Garment exports, the backbone of Bangladesh's industrial sector and 80% of total exports, surpassed $21 billion last year, 18% of GDP (Afroze, Sadia and Mossammat 2005; Hossain, Salat and Al-Amin. 2005). The economy of Bangladesh is a rapidly developing market-based economy and its per capita income in 2010 was an estimated US$1,700 (adjusted by purchasing power parity (PPP)). According to the International Monetary Fund, Bangladesh ranked as the 43rd largest economy in the world in 2010 in PPP) terms and 57th largest in nominal terms, with a gross domestic product of US$269.3 billion in PPP terms and US$104.9 billion in nominal terms. The economy has grown at the rate of between 6% to 7% per annum over the past several years (Rouf 2012; World Bank 2009).

Bangladesh aspires to become a middle-income country by 2021, and will need to increase its growth rate to 7% to 8% in an inclusive and sustainable manner to achieve this goal. Sustained economic growth and inwards investment have contributed to a gradual increase in the relative weighting of manufacturing in GDP and a decline in agriculture's weighting. However, Bangladesh remains a largely agricultural economy, with agriculture contributing around 20% of GDP and employing around 48.5% of the 54 million strong labor force. Bangladesh has a liberal foreign investment regime, offering opportunities in the energy, power, telecommunication and infrastructure sectors (Al-Amin. and Mohammad 2006 ; Anup and Shahnag 2013). Foreign direct investment inflows have risen steadily over the past five years; however weak infrastructure, skills shortages and the governance environment are constraining growth.

1.2.2 Malaysia

Malaysia, a middle-income country, has transformed itself since the 1970s from a producer of raw materials into an emerging multi-sector economy. Malaysia is attempting to achieve high-income status by 2020 and to move farther up the value-added production chain by attracting investments in Islamic finance, high technology industries, biotechnology, and services (Abdul-Wahab, How and P. 2007; Bursa Malaysia Berhad 2001; Malaysian Institute of Corporate Governance; Wan Izyani Adilah and Zunaidah 2010). Nevertheless, Malaysia is vulnerable to a fall in commodity prices or a general slowdown in global economic activity because exports are a major component of GDP. Following a period of severe and prolonged recession, the Malaysian economy has returned to growth aided by a relaxation of monetary and fiscal policies and by increased export demand, particularly in the electronics sector. While the world economic slowdown was more severe than expected and the unprecedented September 11 events in the United States had widespread implications for all economies, Malaysia was able to insulate itself from a major economic contraction and GDP growth for the year remained positive. However, given the openness of its economy and trade accounting for about 200% of GDP, Malaysia was not spared from the negative effects of the United States economic slowdown. Nevertheless, the government's initiation of strong monetary and fiscal policies to stimulate economic growth through accelerating domestic economic activities and reducing the over-dependence on exports helped the nation to sustain a positive real GDP growth (Best Practices in Corporate Disclosure 2004; High Level Finance Committee 2000; Shamser and Annuar 1993).

The Malaysian economy is well placed to strengthen further in the near future. However, some risks need to be addressed as the strength of global recovery is still uncertain and external demand may not be as strong as it was during the 1999-2000 period. The current economic upturn is taking place amidst global excess capacity, particularly in the information and communication technology sector. Malaysia, therefore, needs to ensure that the economic recovery gathers momentum and that the downside risks are minimized. Malaysia's economy is the third-largest in South-East Asia behind Indonesia and Thailand with real GDP growth in 2012 was 5%, following growth in 2011 of 5% (Wan Izyani Adilah and Zunaidah 2010).

1.2.3 Australia

The Australian economy has experienced continuous growth and reflects low unemployment, contained inflation, very low public debt, and a strong and stable financial system. By 2012, Australia had experienced more than 20 years of continued economic growth, averaging 3.5% a year. Demand for resources and energy from Asia and especially China has grown rapidly, creating a channel for resources investments and growth in commodity exports. The high Australian dollar has hurt the local manufacturing sector, while the services sector is the largest part of the Australian economy, accounting for about 70% of GDP and 75% of jobs (Australian Stock Exchange (ASX) 2009; Psaros 2009). Australia was comparatively unaffected by the global financial crisis as the banking system has remained strong and inflation under control. Australia has benefited from a dramatic surge in its terms of trade in recent years, stemming from rising global commodity prices. Australia is also a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US$40 billion Gorgon Liquid Natural Gas project, will significantly expand the resources sector (Collett and Hrasky 2005; McKinnon and Dalimunthe 1993; O'Sullivan, Percy and Stewart 2006).

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the World Trade Organization, Asia-Pacific Economic Cooperation (APEC), the G20, and other trade forums. Australia has bilateral free trade agreements (FTAs) with Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, has a regional

FTA with ASEAN and New Zealand, is negotiating agreements with China, India, Indonesia, Japan, and the Republic of Korea, as well as with its Pacific neighbours and the Gulf Cooperation Council countries . Given Australia's strong economic performance and its flow-on affects, its governance structures are well developed and in many areas, aspects of its corporate governance represent global best practice (Beekes and Brown 2006; Deegan and Gordon 1996; Taylor et al. 2011).

Operational definitions of key words are provided below in Table 1.1 below.

Table 1.1: Operational Definitions

Corporate Governance Disclosure	Corporate governance disclosure can be defined as the release of information by firms through their annual reports for traditional user groups such as, shareholders, creditors, and financial analyst groups, to provide information for investors, as investor found this information useful prior to making investment decision.
Corporate Governance Characteristics	Corporate governance characteristics refer to some specific characteristics of corporate governance mechanism that contributes towards an effective corporate governance structure.
Firm- specific Characteristics	Firm Characteristics refers to particular features of firms that differentiate one firm from another.
Country-specific Characteristics	Country characteristics refer to some specific institutional, cultural, or legal attributes that distinguish one country from another.
Big Four Audit Firms	Refer to the four largest audit firms in Bangladesh, Malaysia and Australia.
International Financial Reporting Standard (IFRS)	IFRS refer to a body of accounting and financial reporting standard promulgated by the International Accounting Standard Board (IASB); it includes standards and interpretations adopted by the IASB.
Mandatory Disclosure	Refers to the information companies are obliged to disclose by the country's regulations.
Voluntary Disclosure	Refers to the discretionary release of information that is not prescribed by country's regulation.
Listed Company	Refers to the companies that are listed in the stock exchange of Bangladesh, Malaysia and Australia
Annual Report	An annual report is a comprehensive report on a company's activities throughout the preceding year. Annual reports are intended to give shareholders and other interested people information about the company's activities and financial performance.
Disclosure Index	Disclosure index measures the extent to which investors are protected through disclosing of information

1.3 Objectives, Aims and Research Questions

The objective of the study is to examine levels of both mandatory and voluntary corporate governance disclosure within annual reports by publicly listed firms in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy) with corporate governance recommendations endorsed in their respective countries. In addition, the study seeks to determine the key drivers that will influence the level of both mandatory and voluntary disclosures. The study focuses on three factors which influence the level of corporate governance disclosures: corporate governance characteristics; firm characteristics: and country-specific characteristics.

The capital market and economic development of a country can exert significant influence on the firm by imposing certain rules and regulations relating to the firm's governance practices. Whilst the legal and regulatory structures are essential, economic development and, by association, capital markets with adequate transparency and accountability in place, can ultimately reward or punish firms for their governance practices (Drobetz, Schillhofer and Zimmermann 2004). A country's economic parameters can therefore largely influence its governance role in mitigating the agency problems by disciplining management and consequently improving the firm's overall governance and therefore performance.

This thesis aims at providing empirical evidence on the disclosure practices of listed companies in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy) with corporate governance recommendations endorsed in their respective countries, specifically, the research objectives are to; (1) Empirically determine the extent of compliance publicly listed firms in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy); (2) Determine the factors influencing the extent of information disclosure in the annual reports of listed companies in Bangladesh, Malaysia and Australia. Consistent with the research objectives, the study will seek to answer the following research questions:

RQ_1: What is the relative extent of disclosure (as measured by the level of corporate governance voluntary and mandatory disclosures in annual reports) by publicly listed firms in Bangladesh, Malaysia and Australia with the corporate governance guidelines enacted in the respective countries?

RQ_2: What are the corporate governance-specific characteristics which influence the extent of voluntary and compliance with mandatory disclosure requirements by publicly listed firms in Bangladesh, Malaysia and Australia?

RQ_3: What are the firm-specific characteristics which influence the extent of voluntary and compliance with mandatory disclosure requirements by publicly listed firms in Bangladesh, Malaysia and Australia?

RQ_4: What are the country-specific characteristics which influence the extent of voluntary and compliance with mandatory disclosure requirements by publicly listed firms in Bangladesh, Malaysia and Australia?

1.4 Significance of the Study

The study is significant as it makes several contributions to the extant literature on corporate governance. First, the study provides a contemporaneous update of the extent of disclosures by firms in Bangladesh, Malaysia and Australia with the Corporate Governance Guidelines issued in their respective countries. The update reflects upon the progress in Bangladesh and Malaysia in terms of emerging/developing economies with sound corporate governance principles and processes. However, the corporate governance role of the capital is less likely to be effective in a developing economy. As Iskander and Chamlou (2000) observe, the capital markets in developing countries provide little incentive for better corporate governance primarily because of the dominance of a few large firms, low trading volumes and liquidity, absence of long-term debt instruments and inactivity of institutional shareholders. Moreover, the cause and effect relationship can work in the opposite direction e.g. the state of country as well as firm level corporate governance might have a significant influence on the development of the capital market. Shleifer and Vishny (1997) argue that a firm is likely to get external finance not only because of the reputation of the capital market and excessive investor optimism, but also due to assurances provided by the corporate governance system. Second, the results will shed light on the determinants of disclosure of listed firms in the three aforementioned countries with their respective Corporate Governance Guidelines thereby providing important insights into the characteristics of firms either complying or not complying with their respective Corporate Governance Guidelines (after controlling for economic differences between the three countries). In addition, results also provide evidence concerning the existence, extent and variation of corporate governance practices across economic jurisdictions over time. Third, given that the study adopts a unique corporate governance disclosure score which differs from published studies utilising a composite dichotomous score, results will provide important methodological contributions to the corporate governance literature. Fourth, given that the study uses a richer dataset across three countries at different stages of economic development, results will have cross-country and cross-economic contributions (and therefore, higher generalisability). Fifth, given that the study adopts institutional theory as the primary underpinning theoretical framework, results provide evidence about institutional theory's relevance in influencing the extent of corporate disclosure. In the context of corporate governance disclosure it has been observed that corporate governance mandatory and voluntary disclosure are significantly associated with actual corporate governance and firm characteristics. The results indicate that companies with high governance quality are more likely to disclose more information. Given that results also suggest that all of the variables utilized in the study are significantly associated with corporate governance disclosure (both cross-sectionally and using panel data), this, in turn suggests regulators, investors and scholars can apply the results to scrutinize other significant corporate governance mechanism which may play a vital role in increasing the extent of disclosure. Overall, the aforementioned contributions of the study will therefore benefit other emerging economies, regulators, capital market participants, scholars, management, key stakeholders such as shareholders and debt holders and other existing key corporate governance mechanisms such as the board of directors, audit committees, internal audit function and the external audit attestation functions.

1.5 Limitations of the Study

While the study has a number of strengths, it is not without limitations. First, based on the nature of this research, data for the dependent, independent and control variables are collected from publicly available information, specifically annual reports. The annual report (content analysis) research entails a sample of companies listed in the stock exchange of Bangladesh, Malaysia and Australia. The companies are generated from non-financial sectors. It is conceivable that other (and perhaps better) measures for proxy usefulness exist within firms and that the proxies could be collected via interviews and questionnaires. Reliance on data from annual reports about the extent of disclosure also raises a question about the correctness and totality of the information disclosed by the authors of annual reports.

Second, the study uses data only from public listed firms. Private firms are excluded from the sample. For the study listed firms are selected from the stock exchanges of Bangladesh, Malaysia and Australia. Therefore, the results of the study may not be generalisable to non-listed firms and to countries with different institutional settings. Third, as the observation window for the study spans 2006 to 2010, the results may not be generalisable to periods prior to 2006 and post-2010.

Fourth, for the purposes of the study, the sample firms will be the same for each of the calendar years examined. This advances a potential independence of samples issue (Hair et al. 1995). However, almost all of the past literature (in both accounting and finance fields) using firm-year observations for multivariate testing accept the fact that independence of samples may be of concern but that there is no other parsimonious way to undertake such panel analysis where changes in the selected firms' results are of interest to the researcher/s. Firm year dummy variables are included to minimise this effect. While the limitations are acknowledged, the strength of the study and the potential importance of the findings are not diminished

1.6 Thesis Outline

Chapter One is to provides an overview of the study. Key research objectives and the significance of the study are presented. The concluding discussion of the chapter focuses on the limitations of the study. The remaining Chapters in this thesis are organised as follows.

Chapter Two discusses the development of institutional backgrounds in Bangladesh, Malaysia and Australia. Chapter Three provides a detailed literature review on corporate governance disclosure. The regulatory framework and determinants of factors that influence the extent of corporate governance disclosure is provided in this chapter. An explanation of mandatory as well as voluntary disclosures within a corporate governance perspective is also summarised.

Chapter Four details the theoretical framework used in the study. The chapter begins by outlining the theoretical framework of corporate governance and discusses two main underlying theories (that is, institutional theory and agency theory). A literature review of the proxies underlying corporate governance disclosure which provides the foundation for the development of the testable hypotheses of the study is also discussed. A conceptual schema is then developed.

Chapter Five outlines the research methods adopted in the study. The sample collection and selection process the selection of time period and details of the primary research methodology utilised, namely the use of multiple regressions is outlined. In particular, measurement for dependent variables (mandatory and voluntary disclosure), independent variables (corporate governance characteristics, firm characteristics and country characteristics) and use of control variables are detailed.

Chapter Six reports on the descriptive analysis of the data points, specifically, sample descriptive statistics such as mean, median, minimum, maximum and standard deviation etc. are provided. Chapter Six concludes with an initial analysis of the results. Chapter Seven provides the results of the regressions to determine the main predictors of both mandatory and voluntary corporate governance disclosures in the three countries. Additionally, the results of a One-Way ANOVA test are provided to determine if there are significant differences in the independent variables between Bangladesh, Malaysia and Australia. Chapter Eight, details the robustness and sensitivity tests. Specifically, the full sample of the study are partitioned by the variables found in Chapter Seven to have significant explanatory power in explaining the variation of either mandatory or voluntary corporate governance disclosure.

Chapter Nine summarizes the key findings, implications, contributions and limitations of the study. Finally, the entire study and major findings are reviewed concluding with suggestions for future research directions.

CHAPTER TWO
INSTITUTIONAL BACKGROUND

2.1 Overview of the Chapter

Chapter One provided the background and motivation to this study. The key research questions, objectives and the significance of this study were identified followed by a discussion of the study's limitations.

This chapter provides the institutional background to the development of corporate governance frameworks in Bangladesh, Malaysia and Australia. Section 2.2 discusses the development of a regulatory framework in Bangladesh; Section 2.3 provides an overview of the development of a corporate governance regulatory framework in Malaysia and finally Section 2.4 provides similar details of the Australian corporate governance regulatory framework. A summary of the chapter is then provided.

2.2 Corporate Governance Initiatives in Bangladesh

To understand the corporate environment in Bangladesh, an evaluation of the legal requirements concerning corporate entities is essential. The corporate legal environment in Bangladesh comprises certain ordinance, rules, laws and regulations. The following subsections provide these details.

2.2.1 Corporate Governance Regulatory Framework in Bangladesh

In Bangladesh, the enforcement of corporate and securities laws is generally shared by the Bangladesh Securities and Exchange Commission (BSEC), the Dhaka Stock Exchange (DSE) regulations, the Companies Act 1994, professional accounting bodies and the judiciary. Figure 2.1 shows the corporate governance regulatory framework in Bangladesh.

Comply or Explain

- Bangladesh Securities and Exchange Commission Act 1993

Voluntary Framework

- Companies Act 1994
- Dhaka Stock Exchange Listing Requirements
- Code of Corporate Governance

Figure 2.1: Corporate governance regulatory framework in Bangladesh

2.2.2 Bangladesh Securities and Exchange Commission Act 1993

In Bangladesh, companies were not statutorily required to report and disclose all the requisite information on corporate governance before the promulgation of the BSEC[6] notification in February, 2006. After circulation of the BSEC notification, has become mandatory to report the status of corporate governance in line with set conditions imposed by BSEC as to compliance and to explain instances of noncompliance, by the listed companies in annual reports issued after February, 2006. The BSEC regulates the securities market through the Securities and Exchange Ordinance of 1969 and the Securities and Exchange Rules of 1987. The BSEC play an important function in observing and ensuring the level of disclosure and compliance of listed companies. The Commission was founded in 1993 in line with the requirements of the Securities and Exchange Ordinance 1969. The purposes of the Commission are to; (1) protect the interests of securities investment;(2) develop and maintain fair, transparent and efficient securities markets; (3) ensure proper issuance of securities and compliance with securities laws. The BSEC has promulgated different orders and notification from time to time to ensure good

[7] The Bangladesh Securities and Exchange Commission (BSEC) was established on 8th June, 1993 as the regulator of the country's capital market through enactment of the Securities and Exchange Commission Act 1993. Through an amendment of the Securities and Exchange Commission Act 1993 on December 10, 2012, its name has been changed as Bangladesh Securities and Exchange Commission from the previous Securities and Exchange Commission.

corporate governance practices in the listed publicly limited companies. The main aim of BSEC is to issue orders and notifications for complying with a number of governance codes.

The BSEC also recommends penal provisions for non-compliance. This consists of excluding the auditor who carried out the non-complying audit from performing as an auditor for a listed company for a period of up to five years, and punishing the auditor and the company representative up to one thousand TK. for non-compliance with the specific provision under the CA. The BSEC also monitors and enforces compliance with mandatory disclosure requirements. The most important objective of checking company annual reports is to inspect whether listed companies are complying with regulatory frameworks. The BSEC has the authority to postpone companies or eliminate their listing rights if they do not meet the terms of the listing requirements. The authority to recompense the reporting body is also set, in the enforcement practice.

The BSEC issued its "Corporate Governance Guidelines which sought to improve internal corporate governance by requiring listed firms in Bangladesh to comply with several governance conditions on the size, composition, and leadership of the board; employment of a chief financial officer (CFO), head of internal audit (HIA), and company secretary (CS); the establishment, size, composition, and activities of an audit committee (AC); and restrictions on the employment of statutory auditors in some activities (Securities and Exchange Commission 2006). According to the Guidelines, the board size should be between five and twenty members with at least one-tenth (a minimum of one) being an independent director; a clear division should exist between the roles of chairman and chief executive officer (CEO), with a clear definition of their respective roles; and listed companies in

Bangladesh should appoint a CFO, a HIA and a CS and articulate their respective roles, responsibilities and duties (Securities and Exchange Commission 2006). In relation to board committees, the Corporate Governance Guidelines require the establishment of an audit committee to “assist the board of directors in ensuring that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business” (Securities and Exchange Commission 2006). In Bangladesh, a listed company’s audit committee should comprise three members with at least one independent director. The Guidelines require a professional qualification on the part of the Chairman of the audit committee but do not specify any similar requirement for the other committee members (Securities and Exchange Commission 2006). The Guidelines require the audit committee to play an important role in ensuring a sound corporate governance system within the firm. In addition to its regular reporting to the board, the audit committee is required to report immediately any findings of a conflict of interest, deficiency in internal control systems, suspected infringement of laws and regulations, and any other matter the committee considers appropriate (Securities and Exchange Commission 2006). The committee is also authorized to report its findings to the BSEC when the board fails to act upon the committee’s findings within a reasonable time (after reporting to the board three times or nine months from the date of first reporting to the board, whichever is earlier).

In relation to internal control, the Corporate Governance Guidelines require the board to be responsible for implementing and monitoring an effective system of internal control. As such, the board needs to declare that the system of internal control is sound in design and has been effectively implemented and monitored (Securities and Exchange Commission 2006). To ensure independence of the external auditor(s), the Guidelines restrict listed companies from employing statutory auditors in a number of other capacities, such as appraisal or valuation services or providing fairness opinions, accounting information system design and implementation, or other accounting related services, broker-dealer services, actuarial services, and internal audit services (Securities and Exchange Commission 2006). Also, the BSEC has prohibited the appointment of an auditor for more than three consecutive years (Condition (b) in BSEC 2002b). However, in exercise of the power conferred by Section 2CC of the Securities and Exchange Ordinance 1969, companies listed in Bangladesh were required to meet certain further conditions in order to enhance corporate governance in the interest of investors and the capital market.

The BSEC issued revised CG guidelines in 2012 along the other regulations and standards that the government and regulators put in place. The revised CG guidelines were issued in July 2012 provides greater transparency. The changes in 2012 are detailed in Table 2.1 below.

Table 2.1: Difference between CG guidelines 2012 and CG guidelines 2006

CG Area	**CG Guidelines of 2012**	**CG Guidelines of 2006**
Board Effectiveness	Separation between the Chairman and CEO roles is required	Separation between the Chairman and CEO roles is proposed
	At least one fifth independent directors (IDs)	At least one tenth independent directors (a minimum of one)
	The definition of ID has been expanded by including additional criteria	Specific criteria for a director to be considered IDs
	Specific qualification criteria for IDs	No qualification criteria for IDs
	IDs need to be nominated by the Board of Directors (BOD) and approved by the shareholders at the Annual General Meeting (AGM)	IDs need to be appointed by the appointed directors

	The post of an ID cannot remain vacant for more than 90 days	No such requirement
	Code of conduct for all board members and annual compliance with the same	No such requirement
	The normal tenure of an ID is three years which can be extended for another one term only	No Such Requirement
Audit Committee (AC) Affairs	The AC Chairman shall be an ID	Professional qualification requirement for the Chairman of the AC only
	Specific roles of AC have been identified	No specific requirement for the independent AC member(s) to present in the AC meetings
	Professional qualification requirement for all members of the AC	No specific requirement for the AC
	The Chairman of the AC must present at the AGM	No such requirement
	The company secretary shall be the secretary of the AC	No such requirement
	The AC must report any material finding to the SEC after expiry of six months from the date of its first reporting to the BOD or after reporting to the board three times, whichever is earlier	The AC must report any material finding to the SEC after expiry of nine months from the date of its first reporting to the BOD or after reporting to the board three times, whichever is earlier
Auditor Independence	Neither any partner nor any employee of the external audit firm should hold any share of the client firm during the term of the audit assignment	No Such Restriction
Additional Statements by the BOD	Industry outlook and possible future developments in the respective industry	No such requirement
	Segment-wise or product-wise performance	No such requirement
	Different risks facing the organization and related concerns	No such requirement
	Discussion on the cost of goods sold, gross profit margin and net profit margin of the company	No such requirement
	Discussion on continuity of any extra-ordinary gain or loss	No such requirement
	A statement of all related party transactions including the basis of such transactions	No such requirement

	Application of funds raised from public issues, rights issues or through other instruments	No such requirement
	An explanation when the company's financial results deteriorates after major events such as the Initial public offering (IPO), Repeat Public Offerings (RPO), Rights Offer Reasons for significant deviation between quarterly financial performance and annual financial performance need to be discussed	No such requirement
	Remuneration to the board members and Key operating and financial data of a minimum of last five years shall be summarized	No such requirement
	Disclosure of the directors' biographical information including their expertise and positions held in different committees and directorship held in other organisations	No such requirement
Governance of the Subsidiary Company	The board composition of the subsidiary company shall be the same as the holding company	No such requirement
	The holding company shall appoint one of its IDs to be the director of the subsidiary company	No such requirement
	The minutes of the subsidiary company's board meeting shall be placed to the board meeting of the holding company for review	No such requirement
	The minutes of the board meeting of the holding company shall state that the board has reviewed the affairs of the subsidiary company	No such requirement
	The AC of the holding company shall review the financial statements of the subsidiary company including any investment made by the subsidiary.	
Certification by the CEO and CFO to the Board	The financial statements do not contain any materially untrue statement or omit any material fact or any misleading statement	No such requirement

	The statements present a true and fair view of the company's financial affairs and are in compliance with existing laws and accounting standards	No such requirement
Reporting and Compliance of CG	The company shall obtain a certificate from a professional accountant or Chartered Secretary regarding compliance of conditions of CG guidelines	No such requirement
	The company shall send the compliance certificate along with the annual report to the shareholders on a yearly basis	No such requirement
Mode of Implementation	Listed companies must comply with the guideline conditions and report their compliance statements in the annual reports, meaning that both compliance and reporting of compliance statement is mandatory	Listed companies must disclose their compliance report in their annual reports mentioning the specific provisions they have complied with and the reasons for noncompliance with the remaining provisions

Overall, the revised CG guidelines examine the changes made in the current guidelines from the one issued on 2006. It is found that a number of key changes are made in the guidelines, particularly in the areas of independent director requirement, board’s statements, CEO and CFO certification on financial statements, subsidiary company governance, and reporting and compliance of corporate governance. In doing so, the BSEC has been given the authority for regulating the capital market. The BSEC has the power to contact companies to obtain more information, to request explanations of accounting items and for other reasons such as an abnormal share price. The BSEC, in case of any default by a company, has the power to impose penalties. The BSEC also oversees the operating affairs of the stock exchanges in Bangladesh. For example, the stock exchanges are required to consult the BSEC before the appointment or removal of their CEOs. The BSEC also keeps a close eye on the daily affairs of the capital market.[7]

2.2.3 Dhaka Stock Exchange

The capital market in Bangladesh is at an early period of development and the corporate structure in Bangladesh is characterised by a concentrated ownership structure, bank financing, poor legal framework and a lack of monitoring (Siddiqui 2010).[8] The Dhaka Stock Exchange (DSE) is the main stock exchange of Bangladesh and regulates companies through its Listing Regulations of 1996. It was set up in 1954 and is registered as a limited liability company. The DSE itself is regulated under the Securities and Exchange Commission Ordinance 1969, Securities and Exchange Commission Act and the Companies Act 1994. Stock exchange companies are obliged to release company records, details of business, summaries of top employees, information about directors, information on resources, changes in dividend capital, number and forms of shareholders, audited financial statements, consolidated reports, post-balance-sheet events, along with information about subsidiary companies. The DSE ensures ongoing disclosure as well as reporting requirement. Therefore, this Security Exchange Authority has an strong role in shaping the process of disclosure in company reports (Wallace and Naser 1995). In terms of corporate governance regulations, the purpose of the DSE is to safeguard the investors, encourage and build-up capital markets, and control the securities market (Hossain, Hossain and Rahman 2005).

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[8] SEC being advised and financed by the Asian Development Bank (ADB), the SEC encouraged stock exchanges to reform the daily transaction system. The Dhaka Stock Exchange (DSE) introduced an automated, on-line, screen-based trading system like their Western counterparts in 1998. In 2004, the Central Depository System (CDS) for electronic settlement of share trading made its debut in the DSE. These reforms were to achieve transparency and enable rapid transactions.

[9] In spite of having a regulatory framework underpinning corporate governance practices in Bangladesh, the current structure in Bangladesh does not provide sufficient legal, institutional, or economic motivations for stakeholders to either encourage or enforce effective corporate governance practices (Bhiuyan and Biswas 2007b; Hossain and Khan 2006a; Karim 1996c). As a result, the poor functioning of capital markets, opaque, unethical or illegal business practices (1) raise the cost of doing business within the economy; (2) distort domestic investment decisions; and (3) impede foreign investment in Bangladesh.

2.2.4 The Company Act 1994

The Company Act 1994 plays a major role in corporate governance, which governs incorporated entities in Bangladesh. All domestic companies in Bangladesh are incorporated under this Act. It governs the relationship between shareholders and a company, audit systems, transparency, disclosure procedures and the jurisdiction of the courts in relation to companies. On 1st January 1995, the new Companies Act of 1994 was introduced which implemented provisions for disclosure. It defined the rights of not only majority shareholders but also minority shareholders. The Act allowed shareholders to be present at meetings, employ and remove directors, and to obtain economic information as well as approve the financial statements yearly. It also designed a range of methods for shareholders to ensure these rights, the most important being the right to engage in litigation under Section 233 of the Act (Afroze, Sadia and Mossammat 2005). The report of the director in the annual report is organized under Section 184 of the Companies Act 1994, with various issues regarding the appointment, removal or vacation of directors addressed through Section 90 to 110 with issues relating to management and administration addressed through Section 77-89.

The Act (1994) has some integral protection for shareholders, such as listed companies being required to file periodic proceeds with the registrar of joint stock companies (RJSC).[9] If a firm is unable to do so, the directors and management of the defaulting company are exposed to a variety of consequences such as fines, or imprisonment. The Act has specific provisions for protecting the interest of minority shareholders. By law, the board of directors is also responsible to the shareholders for the overall affairs of the business (Companies Act, 1994, Schedule 1 Section 104). According to Section 90(1) of the Companies Act 1994, every publicly limited

[10] The Registrar of Joint Stock Companies (RJSC) is responsible for registering companies under the Company Act 1994.

company, and every private company that is a subsidiary of a publicly limited company, must have at least three directors representing the shareholders. Nevertheless, in reality, the membership of boards and overall accountability of these boards to general shareholders are dominated by family dynamics as expected from a traditional society (Weber, 1978).

The Act (1994) also states that listed companies must hold at least one general meeting of its shareholders annually. Articles of association or holders of not less than 10% of the shares of a company are able to hold an extra-ordinary general meeting. In addition, the Act (1994) enforces certain responsibilities and rights requiring directors who are interested in any contract or arrangement entered into by or on behalf of the company to disclose their interest and, in some cases, to refrain from voting on any such decision. However, the penalty for non-compliance is a fine not exceeding Tk$5,000, a fine which cannot be considered a sufficient deterrent. The board of directors of the company is obliged to submit to shareholders a balance sheet together with the profit and loss account at every annual general meeting (AGM). The company's auditors must audit the financial statements and the auditor's report must also be attached. The board's report must also be included and it should make available information regarding the company's affairs, the amount the board proposes to keep in the balance sheet, the amount recommended to be paid out as a dividend and any material changes and commitments which may change the financial position of the company.

The information that is required to be disclosed by a Bangladeshi company to its shareholders and to members of the public in accordance with the law is practically the only tool shareholders and investors have to assess the performance of a company and monitor the activities of the directors and management. A company's auditors, as per the Companies Act, must be chartered accountants and are appointed at the AGM. The auditors should have access to all books and papers whether kept at the registered office or elsewhere. The scope of inquiry of the auditors has been elaborately spelt out in the Companies Act as well as the nature of the certification the auditors must provide. An auditor must specifically state whether, in his opinion and to the best of his information and according to the explanation given to him, the accounts provide a true and fair view of the company's affairs.

The above discussion suggests that, in Bangladesh, the development of the corporate governance initiatives is influenced by a number of domestic bodies. Like many countries, Bangladesh has adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). The local name of IAS is Bangladesh Accounting Standards (BAS) and IFRS is Bangladesh Financial Reporting Standards (BFRS). As of 15 December 2011, Bangladesh has adopted 28 IASs and 8 IFRSs (ICAB 2011). Under the Securities and Exchange Rules 1987, the financial statements of listed company shall be prepared in accordance with the requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh [Rule 12(2)] (Hossain 2000).

2.2.5 The Code of Corporate Governance for Bangladesh 2004

In August 2003, Bangladesh Enterprise Institute (BEI) invited a number of prominent individuals from the private sector, the government, NGOs and other relevant bodies to begin the process of formulating a Code of Corporate Governance for Bangladesh (CCGB). The CCGB regulations are voluntary for listed companies in Bangladesh (Taskforce on Corporate Governance 2004). A number of key bodies contributed towards the formulation of the CCGB (for example, the Bangladesh

Securities Exchange Commission of Bangladesh (BSEC), the Bangladesh Bank (BB), the Institute of Chartered Accountants of Bangladesh (ICAB) and perhaps most importantly, the Bangladesh Enterprise Institute (BEI) etc.).[10]

Convening this Taskforce on Corporate Governance was an outcome of BEI's ongoing research and advocacy work on strengthening corporate governance in Bangladesh. Members of the Taskforce provided important guidance and direction to the development of the Code. The Code of Corporate Governance, therefore, set down the principles, procedures and process through which better corporate governance practices may progressively be introduced. As such, the Code is organized into Principles and Guidelines. Companies can set up better corporate governance practices by first acknowledging the Principles of Corporate Governance and then by integrating them into their own business strategies. Many of the best companies in Bangladesh already have practices and procedures in line with the provisions of the Code. However, the Code is also a mechanism to disseminate these best practices to all companies nationwide. Moreover, the best corporate governance practices (as enshrined in the Code), are likely to improve overall accountability and performance throughout the public sector as implementation signifies full compliance by listed companies.

The Code is organized into sections on specific topics. Within each section, the Code sets out a number of principles and guidelines. Each principle explains the underlying value of corporate governance practices. These Principles of Corporate Governance may be applied in different organization by various different methods. Thus, while the Guidelines suggest specific methods for application, the Code as a whole allows for each organization to apply the principles in their own way. Organizations solely implementing the Corporate Governance Principles by their

[11] The BEI was the key entity at the forefront of the development and issuance of the CCGB in Bangladesh.

own method, nevertheless, should provide explanations to shareholders and the public as to how exactly these are applied in their practices, policies, regulations and procedures. To fully comply with the Code, however, organizations should comply with both the principles and guidelines.

The Code recently focused on corporate governance and monitoring mechanisms like the composition of the board of directors, the duties and responsibilities of the executive directors, regular monitoring by shareholders, voting rights of shareholders, reporting and auditing and detailed disclosure of company information that are material for decision making by interested parties. Shareholders should have the right to participate in, and to be sufficiently informed on decisions concerning fundamental corporate changes. The equitable treatment of all shareholders, including minority and foreign shareholders should be ensured in corporate governance mechanisms. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal and unethical practices to the board and their rights should not be compromised as a result. Another important responsibility of corporate governance is timely and accurate disclosure of all matters regarding the corporation. Information should be prepared and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosures. Board members should act on an informed basis, in good faith, with due diligence and care, and in the best interest of the organization and shareholders.

Part 1 of the Code identified a set of principles to assist companies to inform their approach for corporate governance. Principles 1-9 address board of director’s issues. According to the Code of Corporate Governance, the boards of directors are the central entity in a functioning corporate governance system since it is the governing body of any organization. Management is accountable to the board, and therefore information systems that provide relevant, transparent, and material information to the board are imperative (The Code of Corporate Governance for Bangladesh, Mar 2004, BEI). Duties of the board are articulated in Principal 2. According to the Code, the board of directors should define its role and responsibilities adequately and completely. Principle 3 required board of directors to be qualified to carry out their duties and according to Principle 4, before nominating new directors, the board and shareholders should consider the mix of director characteristics, experience, diverse perspectives and skills that is most suitable for the organization. Principle 5 identified directorship as a professional appointment and indicated that directors should be provided with opportunities and funds for training and development. In Principal 6, the Code stated that the position of the chairman of the board and CEO should be occupied by different individuals. In Principal 7, the board size should be optimal considering diverse expertise and experience and the board should periodically review its size and composition. The companies listed in Bangladesh should comply with these conditions or explain the reasons for non-compliance. However, the CCG also emphasizes the importance of independent directors on the board. All companies should encourage effective representation of independent directors on their board so that the board, as a whole, includes core competencies considered relevant in the context of each company. Principle 8 and 9 addressed issues related to board compensation and board meeting agenda. In Principle 10, the type, structure and responsibility of the committees are also addressed.

In conclusion, a good corporate governance mechanism undoubtedly contributes towards increased transparency and disclosure (Akthtaruddin and Haron

2010). In the case of Bangladesh, there are some pioneer bodies working to ensure better corporate governance disclosure in the country(Mazumder and Abul 2006). The state and nature of corporate governance in Bangladesh are guided by several factors and the effective impact of these factors results in good corporate governance practices.

2.3 Corporate Governance Initiatives in Malaysia

Corporate governance is not a new concept in Malaysia. Following the Asian financial crisis in 1997, a number of steps have been taken by the government to reform the corporate sector in Malaysia. Since 1998, the government and private sectors have chosen to improve corporate law in order to improve the quality of corporate governance in the country.

2.3.1 Corporate Governance Regulatory Framework in Malaysia

In 1999, under the Ministry of Finance, a high level financial committee on corporate governance was formed. The committee was responsible for reviewing the corporate framework and make recommendations to improve the level of corporate governance in the country. The committee pointed out that there were severe corporate limitations especially in the following areas; transparency and disclosure requirements, corporate monitoring responsibilities, and accountability of the company directors including the rights of minority shareholders (Das 2000). The government of Malaysia and the regulatory bodies have promulgated different reforms and notifications to existing laws to ensure good corporate governance practices by the listed publicly limited companies. These includes the Securities Commission Act 1993 (SCA), Securities Commission (Amended) Act 2000, Securities Industry Act 1983 (SIA), Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999, The Malaysian Code on Take-over's and

Merges 1998, and Companies (Amendment) Act 2007 (Tie 2003). Figure 2.2 shows corporate governance regulatory framework in Malaysia.

Mandatory Framework

- Securities law
- Companies Law 1965
- Bursa Malaysia Listing Requirements

Comply or Explain

- Malaysian Code on Corporate Governance.

Figure 2.2: Malaysian corporate Governance Framework

A notable feature in the Malaysian Corporate governance landscape is the close links of large publicly-listed firms with the government and politicians (Gomez and Jomo 1999). The relationship between big business and government often results in politically-linked firms having exclusive arrangements with state-owned firms and have preferential access to major government contacts and loans (Abdul-Wahab, How and Verhoeven 2007; Gomez and Jomo 1999). The rise of these politically linked firms is the results of the country's New Economic Policy Plan of 1970 designed to help indigenous Malaysians.

2.3.2 The Companies Act 1965

The Companies Act (CA) 1965 also plays a major role in ensuring better corporate governance for Malaysia. The CA 1965 is basically designed on the United Kingdom (UK) Companies Act 1948 and the Australian Uniformed Companies Act 1961. The major feature of CA 1965 includes details on; pre-incorporation, incorporation, operation and duties of companies and their directors, the rights and obligations of shareholders and directors. The CA 1965 also regulates the registration of companies under the Ministry of Domestic Trade and Consumer Affairs.

The CA 1965 sets the legal foundation on which companies are shaped, activated and administered. It also sets the rules on how directors and shareholders can put into effect their rights as well as how their authority should be accounted. Since its enactment in 1965, the CA 1965 has been restructured through 35 amendments, the most recent being the Companies (Amendment) Act 2007.

In general, the Companies (Amendment) Act 2007 effective 15 August 2007, made considerable amendments to the corporate governance framework. In relation to the board of directors, the Companies (Amendment) Act 2007 introduced amongst others, the business judgment rule in which interested directors were not permitted to participate or vote. Furthermore, amendments were made to the disclosure of interests in contracts and the functions and powers of the board have been strengthened.

2.3.3 The Securities Industry Act 1983

The Securities Industry Act (SIA) 1983 and the Securities Commission Act 1983 (SCA) also play a key role in ensuring better corporate governance practices in Malaysia under the authority of the Ministry of Finance. The SIA 1983 and SCA 1983 include certain provisions such as protecting shareholder rights, disclosing substantial shareholding to the company and to the Stock Exchange of Malaysia, protecting investor’s interests, regulating the operations of dealers, and prohibiting artificial trading and market chains. As a result of the effective actions of the SIA 1983 and SCA 1983, the Malaysian legal and regulatory frameworks are well defined.

Malaysian securities laws view the disclosure or dissemination of information which is false, misleading or deceptive, or from which there is a material omission as illegal. Individuals are also forbidden from engaging in, and aiding or assisting conduct which they know to be misleading or deceptive, or likely to mislead or deceive, in association with the matter, offer or sale of securities in Malaysia. Those convicted of such offences may be subject to fines, imprisonment or both (Bursa Malaysia Berhad 2001).

However, the securities laws were amended in 2007 and under the amended laws, CEOs and directors of publicly listed companies are required to disclose their interests in the company or any associated company to the Securities Commission. A person who fails to make this disclosure commits an offence and is liable on conviction to a fine of one million ringgit or to imprisonment for a term not exceeding 10 years or both.[11] The Commission has the authority to submit an application to court for exclusion of chief executives and directors of listed companies where they have been convicted of offences under securities laws for breach of listing rules or civil action for breach of the insider trading or market manipulation provision (Bursa Malaysia Berhad 2001).

2.3.4 Bursa Securities Malaysia Berhad

The Kuala Lumpur Stock Exchange was renamed Bursa Securities Malaysia Berhad (BSMB) in January 2001. Bursa Securities Malaysia Berhad (BSMB) listing requirements have also played a major role in efforts to enhance corporate governance in Malaysia. For example, Chapter 15 addresses issues of corporate governance and one of the major requirements is that a listed company must ensure that its board of directors discloses the level of compliance and explains any deviation from the MCCG's recommendations in its annual report (Bursa Malaysia Berhad 2001). These revised listing requirements became effective in 30 June 2001 making reporting against the MCCG requirements mandatory. In July 2004, BSMB

[12] A similar provision may be found in section 135 Companies Act 1965 except that the disclosure is to be made to the company for purposes of the register of director's shareholding under section 134 Companies Act 1965. Also the penalty for failure to comply is considerably lighter – Imprisonment for three years or a fine of fifteen thousand ringgit.

launched the Best Practices in Corporate Disclosure (BPCD) with the aim of raising the standards of corporate governance amongst Malaysian companies. All the listed companies in Malaysia are required to disclose their financial status, shareholders structure and loan position on a quarterly basis and a company's manager is subject to penalty or imprisonment if that person fails to comply with the rules.

In Malaysia, listed companies are required to comply with the listing requirements of BSMB and the BSMB conducts front line monitoring of publicly listed companies through monitoring their announcements, market trading policy, the media in general and an internal review of documents furnished (World Bank 2005). With respect to the disclosure and requirements, a publicly listed company (PLC) is required to publish quarterly financial statements within two months after its month-end and its annual audited accounts, auditors and directors reports within four months from the close of each financial year including its balance sheet, income statement and explanatory notes. The annual report will disclose the PLC's financial performance, financial position as well as its cash flows. Under the continuous disclosure requirements, listed companies must release the information to the public to ensure investor confidence. Non-compliance with the listing requirements may result in listed companies, their directors, and officers incurring penalties under the Bursa Malaysia Listing Requirements (BMLR) and Securities Industry Act (SIA) 1983 requirements. A number of actions and penalties can be undertaken by the BSMB for breach of these rules. These include the issuance of caution letters, reprimands, fines (not more than MYR$1 million), directions for rectification, imposition of conditions for compliance, non-acceptance of applications or submission, mandated education or training programmes for directors and management, suspension of trading and de-listing (Bursa Malaysia Berhad 2001).

The BSMB launched the Best Practices in Corporate Disclosure (BPCD) in July 2004 with the aim to enhance the standards of corporate governance for Malaysian publicly listed companies. A set of guidelines were introduced through BPCD to help publicly listed companies comply with the required level of disclosure so that listed companies could improve their disclosure. Compliance with the BPCD is voluntary however, BSMB strongly recommended that companies adopt these BPCD and apply them into their own disclosure practices, policies and procedures. The intentions of the BPCD are to aid in building and maintaining corporate credibility and investor's confidence in Malaysia's capital markets (Bursa Malaysia Securities Berhad (BMSB) 2006). Under the BSMB listings requirements, all listed companies are required to disclose to the public all factual information that is essential for knowledgeable investing. In this regard, reasonable steps should be taken to ensure that everyone who invests their securities has equal access to information. Under the BSMB listings requirements, disclosure may temporarily be withheld in some special circumstances and these include the following:

- where instant disclosure would prejudice the company's capability to pursue its corporate objectives;
- where the facts are subject to rapid changes; and
- where company or the securities laws limit the level of acceptable disclosure before or during a public offering of securities or a solicitation of proxies.

The ongoing disclosure obligations must be observed by all listed companies unless they have been specifically exempted from doing so. A breach may expose the company or its director and officers to penalties under the listing requirements and the Securities Industry Act, including:

- A fine not more than RM 1 million;

- Postponement of trading of the company's securities;
- Delisting of its securities.

In addition, Bursa Malaysia's Listing Requirements were amended in 2007 with an objective to raise the corporate governance standards amongst listed issuers and enhance investor confidence. The key amendments were:

- Requiring all audit committee members to be non-executive directors
- Mandating the internal audit function in listed issuers and requiring the internal audit function of listed issuers to report directly to the audit Committee
- Enhancing disclosure in the annual reports of listed issuers to include information pertaining to the internal audit function
- Expanding the functions of the audit committee to include the review of the adequacy of the competency of the internal audit function
- Setting out the rights of audit committee to convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the listed issuer
- Clarifying that Bursa Securities may "approve" such other requirements relating to the financial-related qualifications or experience that must be fulfilled by at least one audit committee member and the signatory to the statutory declaration in relation to the accounts
- Requiring listed issuers to submit a copy of written representation or submission of external auditors' resignation to Bursa Securities as provided under section 172A of the Companies Act 1965.

2.3.5 Malaysian Institute of Corporate Governance and the Minority Shareholders Watchdog Group

The development of corporate governance in Malaysia is also supported by the Malaysian Institute of Corporate Governance (MICG)[12] and the Minority Shareholders Watchdog Group (MSWG).[13] The MICG was established in March 1998 by the High Level Finance Committee of Corporate Governance. The objective was to raising awareness and practice of good corporate governance. In August 2000, the Minority Shareholder Watchdog Group was established to encourage the company to comply with the principles of corporate governance and the appropriate method to enforce their rights. Members of this committee were from the government fund institution such as Employees Fund Authority (EFA), Armed Forces Fund Authority (LTAT), Pilgrims Fund Board (LUTH), Social Security Organization (SOSCO), and Permodalan National Berhad (PNB) (Yusof 2000).

2.3.6 The Malaysian Code on Corporate Governance 2000

The Malaysian Code on Corporate Governance (MCCG) was introduced in 2000, which included principles and best practices in corporate governance. The main aim of the MCCG was to encourage transparency and disclosure by providing relevant information to the investors to enable them to influence the company's direction. It is also a guideline for board of directors on how to discharge the their rights and responsibilities (Jaggi and Low 2000). The MCCG principles for corporate governance consist of four main parts including; board of directors, director's remuneration, shareholders, and audit and accountability. All publicly listed firms on

[13] The MICG was established under the Company's Act 1965 in March 1998. The principle members of the MICG were the federation of public listed companies (FPLC), Malaysian Institute of Directors (MID), Malaysian Institute of Accountants (MIC), Malaysian Institute of Certified Public Accountants (MICPA), and Malaysian Association of the Institute Chartered Secretaries and Administrators (MAICSAI). The objective of the MICG is to improve corporate governance system in Malaysia and also encourage awareness of corporate governance principles among different stakeholder group and increase shareholder value on an ongoing process.

[14] In 2009, 185 of general meetings of public listed companies were supervised by the MSWG. The main aim was to focus on corporate governance issues analysis listed companies' financial performance. The four main services of MSWG include: proxy advisory service, proxy voting service, writing issues related to corporate governance matters, and value added service which are delivered for the benefit of minority shareholders.

the BSMB are encouraged to comply with the corporate governance guidelines issued by the MCCG. In fact, similar to firms in Bangladesh, they were issued on a ‘comply or explain’ basis. The MCCG sets out principles and best practice on structures and processes in order to achieve the governance framework. However, the listing requirements of the Bursa Securities Malaysia Berhad (BSMB) have been amended in line with the MCCG as listed companies have to disclose in their annual reports the extent to which they have complied or provide an explanation for non-compliance. Non-compliance with the listing requirements could expose listed companies, their directors, and/or officers to penalties under the listing requirements or the Securities Industry Act 1983.

MCCG consists of three parts; 13 principles in Part 1 outlining the four factors that the listed companies are required to disclose in their annual reports. These four elements indicate whether the companies have good corporate governance mechanisms in place. The four elements are: (i) directors, (ii) directors’ remuneration, (iii) shareholders, and (iv) accountability and audit. Along with the items to be disclosed are the size of the board, remuneration of the board and the internal control systems in place. The 13 principles of the Code are also mirrored by the Bursa Malaysia Listing Requirements. Paragraph 15.25(a) and Paragraph 15.25(b) also articulates the extent of compliance with the 33 Best Practices of the Code. The objective of the principles is to provide companies with flexibility in applying the principles according to their varying circumstances.

The MCCG was revised in 2008 along the other regulations and standards that the government and regulators put in place. The revised MCCG as amended in October 2007 provides greater transparency. The changes in 2008 are detailed in Table 2.2 below

Table 2.2: Principal differences between MCCG 2000 and MCCG 2007

Corporate Governance Matters	MCCG 2000	MCCG 2008
Task of nominating committee	The board should implement a process, to be carried out by the nominating committee annually for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.	The revised Code places importance on the process carried out by the nominating committee in evaluating members of the board, including the independent non-executive directors and chief executive officer.
Appointments of the board	The board of every company should appoint a committee of directors composed exclusively of non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis. The Code does not specify the qualification of appointed board directors.	MCCG 2008; specify the qualification of appointed board directors. In the revised Code the nomination committee should consider the candidates' skills, knowledge, expertise, and experience; professionalism and integrity. The nominating committee should also evaluate non-executive independent directors' ability to discharge such responsibilities.
Board structures and procedures	The board should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The board should disclose the number of board meetings in a year and the details of attendance of each individual director.	The revised Code requires the board of directors to properly record not only decisions made but also all the issues discussed in arriving at the decisions. This serves to provide a historical record and insight into those decisions. The Code is amended by putting greater disclosure in term of the issues discussed in the board's meeting.
Members of audit committee	The board should establish an audit committee of at least three directors, a majority of whom are independent, with written terms of reference which deal clearly with its authority and duties. The chairman of the audit committee should be an independent non-executive director.	The revised Code requires the members of audit committee should be able to read, analyse and interpret financial statements that they will be able to effectively discharge their functions. Audit committee must comprise of non-executive directors, with majority independent. This increases the frequency of meetings from at least once a year or at least twice per financial year among the audit committee and the external auditor excluding the presence of

		executive directors.
Number of meetings with external auditors	The finance director, the head of internal audit (where such a function exits) and a representative of the external auditors shall normally attend meetings. Other board members may attend upon the invitation of the audit committee. However, at least once a year the committee should meet with the external auditors without executive board members present.	MCCG 2008 increased the number of meetings from once a year to twice a year.
Continuous engagement between chairman of audit committee, senior management and external auditors	The audit committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities.	The revised Code requires continuous engagement between the chairman of the audit committee and senior management of the company as well as the external and the internal auditor. The objective is to bring relevant issue to the attention of the audit committee in a timely manner.
Director's training	The board should disclose in an informative way, details of the activities of audit committees, the number of audit meetings held in a year and details of attendance of each individual director in respect of meetings.	The revised Code requires that the disclosure should also include details of relevant training attended by each director.
Internal audit function	MCCG 2000 highlights the role of internal audit if such function exists; the companies have to disclose other means of reviewing and/or appraisal of the effectiveness of the system of internal controls within the company.	It is required for the company to establish an internal audit function and identify a head of internal audit who reports directly to the audit committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the company.

The above table indicates that the review of the Malaysian Code of Corporate Governance in 2008 promotes the importance of five main areas which are expertise, communication, independency, disclosure and the role of internal audit. Malaysia has adopted an effective corporate governance mechanism with an aim to build a strong corporate environment. In conclusion, the corporate governance regulatory framework in Malaysia has improved in recent years. A number of laws, rules, and regulations have been introduced for listed companies over the past decade to enhance a good corporate regulatory regime. The main objective was to build a strong capital market and provide listed companies with direction. Due to the 1997 Asian economic crisis there was a need to improve the quality of corporate governance standards in Malaysia. As a result a number of changes have been made with an aim to support more responsible, and transparent management in line with international best practice.

2.4 Corporate Governance Initiatives in Australia

The corporate governance regulatory framework in Australia consists of legislation, Australian Securities Exchange Listing Rules (ASX), accounting standards which have the force of law and Australian Stock Exchange Corporate Governance Council.

2.4.1 Corporate Governance Regulatory Framework in Australia

The aim of Australia's corporate governance regulatory framework is to ensure greater disclosure, accountability of directors and involvement of shareholders. The framework is based on a mix of regulations, 'comply or explain' guidelines issued by the ASX Corporate Governance Council and advisory guidelines as shown in Figure 2.3.

Comply or Explain

Australian Stock Exchange Listing Rules

Corporation Act

Australian Stock Exchange Corporate Governance Council's Principles

Figure 2.3: The regulatory and governance framework in Australia

2.4.2 Australian Securities Exchange Listing Rules

In Australia, disclosure requirements have developed through the ASX listing rules. Under ASX listing rule 4.10.4, all listed companies in Australia are required to disclose in its annual report, the central corporate governance practices the company has in place for the year. ASX listing rules also require listed companies to state in their annual reports whether they have an audit committee. In addition, the ASX listing rules requires companies to immediately disclose specific information to the market. In particular, listing rule 3.1 requires that:

3.1 Once an entity is, or becomes, aware of any information of concern that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX. The rule does not apply to particular information in the event of the following:

3.1.1 A reasonable person would not expect the information to be disclosed.

3.1.2 The information is confidential.

In this regard, the ASX may suspend a company's securities quotation or remove the company from the official list if it does not comply with or breaks a listing rule. The ASX may also suspend the listed company if the information is likely to affect the value or price of the company's security.

Furthermore, if the ASX believes that a person has committed, or is about to commit a serious breach of the listing rules or the corporation laws, it is under an obligation to lodge a statement with the Australian Securities and Investment Commission (ASIC) providing particulars of the matters. More generally, where listed companies provide information to the ASX and the ASX make the information available to the market, the ASX is also under an obligation to provide the information to ASIC as soon as possible.

2.4.3 Australian Corporations Act 2001

Australian firms are regulated pursuant to the Australian Corporations Act 2001 (Corporations Act). The Corporations Act is the principal legislation regulating companies. The Act is broader in its coverage and includes the framework surrounding the information of companies as well as duties of the directors. The Corporations Act 2001 also requires companies to prepare their annual financial report in accordance with applicable accounting standards. Sanctions for breaches of the Corporation Act involve fines and, in some cases, imprisonment. The provisions in the Corporation Act relating to disclosure have strengthened over time and in particular, disclosure requirements have increased to develop transparency and accountability.

The Corporation Act also provided shareholders with the authority to elect directors. For example, under Section 203D, directors may be removed by an ordinary resolution of the company and this resolution needs to be passed by a five percent vote of the shareholders in the AGM or one hundred shareholders under Section 249N. The Corporations Act provides a statutory basis for the formation of private and public companies, corporate regulation and the regulation of the securities and futures industries. Although the Australian Constitution provides that the states have jurisdiction over corporations, the states and territories have formally transferred their powers on firms and their securities to the Commonwealth. These arrangements are supported by the intergovernmental Corporations Agreement 2002. The agreement requires consultation with the states and territories and, in some cases, voting on amendments to the Corporations Act and related legislation (through the Ministerial Council for Corporations). The coverage of the Corporations Act is wide ranging, including:

- Registration of companies
- Membership and internal management (including the duties of directors)
- Financial reporting and disclosure
- Takeovers
- Fundraising
- Financial services and markets.

These provisions apply in differing degrees to private and public companies and to some partnerships and managed investment schemes. In relation to executive remuneration, the role and composition of boards and termination benefits are regulated. For listed companies, the Corporations Act regulates disclosure through the remuneration report and voting on remuneration. With respect to executive remuneration, the Corporations Act has provisions relating to the role, responsibilities and structure of boards; termination payments; disclosure (through the remuneration report) and voting on remuneration. The Corporations Act also requires companies to prepare their annual financial report, including the remuneration report, in accordance with the applicable accounting standards.

2.4.4 ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations

Other relevant rules and regulations include the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Corporate Governance Council 2003), accounting standards which have the force of law and the Australian Government's Corporate Law Economic Reform Programme (CLERP) and the Australian Stock Exchange Listing Rules. Pursuant to Section 769 of the Corporations Act, the ASX develops or adopts listing rules in the interests of the public thus making the ASX part of the regulatory regime within which listed firms disclose required financial information. The ASX prescribes the form and nature of corporate disclosures through listing rules with a continuous disclosure regime backed by the Corporations Act. Specifically, The ASX Corporate Governance Council developed industry-wide corporate governance guidelines for Australian listed companies in March 2003.[14] These guidelines were one of the first regulatory attempts to restore investor confidence after a series of corporate failures in Australia and overseas (e.g. HIH Insurance, WorldCom).Whilst there is no single universally agreed upon model of what constitutes good corporate governance, the ASX Corporate Governance Council developed ten principles believed to constitute good corporate governance (ASX Corporate Governance Council 2003). In addition to the ten best practice corporate governance principles, the ASX Corporate Governance Council developed 28 supporting recommendations. The best practice recommendations cover corporate governance disclosures, director's expertise, the link between executive pay and company results and whether the board's performance is evaluated. Listing rule

[15] ASX Corporate Governance Council issued the revised version (i.e., second edition) of the corporate governance guideline in 2007.

4.10.3 requires that from 2003 a statement disclosing the extent to which a company has complied with the recommendations by the ASX corporate governance council. The ASX recommendations serve as reference points on board and management accountability and represent a major enhancement of corporate accountability and practice in Australia (Taylor et al. 2008). The recommendations are consistent with the objective of enhancing accountability, highlighting the Council's drive for greater emphasis on financial reporting disclosure (ASX Corporate Governance Council 2003). However, as is the case for both Bangladesh and Malaysia, compliance with the ASX CGC's Principles of Corporate Governance and Best Practice Recommendations 2003 is encouraged but not mandatory.

In addition, the objective of ASX Corporate Governance Council Principles and Recommendations is the collation and examination of disclosures made in annual reports. The ASX corporate governance principles and recommendations are mainly focused on disclosure principles. In Principal 1, it is stated that companies should recognize and disclose the respective roles and responsibilities of the board and management. The company's framework should be designed to enable the board to provide strategic guidance for the company and effective oversight of management, clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and senior executives' accountability to both the company and its shareholders and ensure a balance of authority so that no single individual has unfettered powers**.** Principle 2 addresses the requirement for a board of directors to have an effective composition, size and commitment to adequately discharge its responsibilities and duties. An effective board is one that facilitates the effective discharge of the duties imposed by law on the directors and adds value in a way that is appropriate to the particular company's circumstances. In

Principal 3, companies need to regard their legal obligations and the interests of a range of stakeholders including shareholders, employees, business partners, creditors, consumers, the environment and the broader community within which they operate. It is important for companies to demonstrate their commitment to appropriate corporate practices and decision making. Principal 4 requires the company structure to independently verify and safeguard the integrity of their financial reporting. This requires companies to put in place a structure of review and authorization designed to ensure the truthful and factual presentation of the company's financial position.

In Principle 5, timely and balanced disclosure are identified such as; investors should have equal and timely access to all factual information including its financial position, performance, ownership and governance; company announcements need to be presented in a clear and balanced way, and companies should disclose and establish written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements. Under Principal 5, it is also important to address continuous disclosure policies and procedures to identify the type of information that needs to be disclosed; internal notification and decision-making concerning the disclosure obligation, the roles and responsibilities of directors, officers and employees of the company in the disclosure context. In Principal 6, companies are required to respect the rights of shareholders and facilitate the effective exercise of those rights. According to Principle 7, listed companies need to establish a sound system of risk oversight, risk management and an internal control system. With regard to Principal 8, the director and chief executive should encourage and enhance performance to discharge their responsibilities effectively. Principal 9 requires companies ensure fair and responsible remuneration. With regards to the Principal 10, companies are required to recognize the legitimate interest of stakeholders.

Australian listed companies are required to establish and disclose how they apply the principles in their company. Application of the ten principles will usually also results in the compliance of 28 best practice recommendations. ASX Listing Rule 4.10.17 requires a company's annual report to include a review of operations and activities. Although not specifying the contents of that report, the rule endorses the Group of 100 publications, Guide to Review of Operations and Financial Conditions which is reproduced in ASX Guidance Note 10 - Review of Operations and Activities. Listed companies should make available information designated in the guide on all of the above principles with an explanation of any departures from these principles should be included in the corporate governance section of the annual report. The policies and procedures designed to guide compliance with Listing Rule disclosure requirements should be made publicly available by posting them to the company's website in a clearly marked corporate governance section.

If a company considers that a recommendation is not appropriate or not applicable to its particular situation, it has the choice not to adopt it but needs to explain why. Under the ASX Listing Rule 4.10.3 companies are required to provide a statement in their annual report disclosing the extent to which they have followed the recommendations in the reporting period. Where companies have not followed all the recommendations, they must identify the recommendations that have not been followed and provide an explanation. Annual reporting does not limit the company's requirement to make available disclosure under ASX Listing Rule 3.1. However, in some circumstances the company is required to set out relevant disclosure in a separate corporate governance section of the annual report. For example, where the

Corporation Act requires particular information to be included in the directors' report, the company has the option to include a cross reference to the relevant information in the corporate governance section.

The ASX Corporate Governance Council also plays a major role in corporate governance. Its purpose is to promote and maintain investors' confidence. The ASX set up the ASX Corporate Governance Council in 2002 with the objective to improve recommendations which emulate international best practice. The ASX Corporate Governance Council encourages companies to follow principles of corporate governance that are suitable for their business. It suggests that companies provide a well-reasoned explanation to a particular recommendation not adopted. This includes:

- Identifying the recommendations the company has not followed
- Giving an explanation about why the company has not followed the applicable recommendation
- Explaining how the company practices in accordance with the relevant principle.

The ASX Corporate Governance Council encourages companies to make use of the 'if not, why not'' approach and other market participants also support this approach citing a 'one size does not fit all' approach. The need for disclosure is even more important when providing corporate governance information in the annual report for different user groups. In this regard, the Council conducted a user survey of professional and private investors in late 1995 and released feedback in March 2006. Results included:

- Previous information could be clearer and more concise
- Past information could be more available

- More details were required about the board including the experience of directors; their independence and affiliations; commitments; share trading; also information about committees including their composition; policies and review process
- Information about director and senior executive remuneration
- A summary statement of whether companies are adopting ASX corporate governance principles and recommendations.

In conclusion, corporate governance initiatives in Australia have brought greater disclosure over time, increased the accountability of directors and involvement by shareholders. The framework is based on a mix of regulations; 'comply or explain' guidelines issued by the Australian Securities Exchange (ASX) Corporate Governance Council, and other mandatory guidelines. Companies and investors are encouraged to provide feedback on the impact and implementation of these recommendations to the Council or to any of its member bodies. The ASX Corporate Governance Council continues to review these principles and recommendations by examining the disclosures made in the annual report and also considering feedback from companies and investors.

In the context of the above discussions, it is clear that there are major differences between the corporate governance principles and regulations enacted in Bangladesh, Malaysia and Australia. These differences have the possibility of influencing the effective corporate governance framework in each of these three countries. Table 2.3 summarizes the key differences of corporate governance principles and regulations enacted in Bangladesh, Malaysia and Australia.

Table 2.3: Summary of major differences of corporate governance principles and regulations enacted in Bangladesh, Malaysia and Australia

Corporate governance Principle	**Bangladesh**	**Malaysia**	**Australia**
Stage of Development	Emerging Country	Developing Country	Developed Country
Laws, Regulations and Rules on Corporate Governance	The companies Act 1994	Companies Act of 1965	Australian Corporations Act 2001
Existence of corporate governance code	Yes. Enacted in 2006	Yes. Enacted in 2000	Yes. Enacted in 2003
Policy making, regulating, supervising, and enforcing authorities	Securities & Exchange Commission Act 1993 Companies Act 1994	Securities Commission Companies Commission of Malaysia Bursa Malaysia Berhad	Commonwealth authorities and companies (CAC bodies)
The existence of an agency or ad-hoc entity that coordinates Corporate Governance policies within government	No	Yes	Yes
The existence of 'Special Courts' to litigate or challenge matters related to Corporate Governance	No	Yes. Commercial Division of the High Court; Sessions	Yes. The High Court of Australia
The existence of a body that is empowered to mitigate or arbitrate disputes matters related to Corporate Governance	Yes. The Securities & Exchange Commission Act 1993	No	No
Non-profit institutions that promote better Corporate Governance practices	Bangladesh Enterprise Institute Centre for Corporate Governance of Dhaka University.	Malaysian Institute of Integrity (MII Malaysian Institute of Corporate Governance (MICG)	Australian Institute of Company Directors Australian Council of Super Investor Australian Securities and Investment Commission
Shareholder Information Listed companies require to provide	Annual reports	Annual reports Quarterly financial statements	Annual reports Quarterly financial statements

information must be contained in the company's annual report	General information on the company Audited annual financial statements Financial report Directors report Consolidated financial report Information on corporate governance Management decision & analysis Related party transaction Share ownership Share held by the controlling shareholder	General information on the company Audited annual financial statements Financial report Directors report Consolidated financial report Information on corporate governance Management decision & analysis Related party transaction Share ownership Share held by the controlling shareholder	General information on the company Audited annual financial statements Financial report Directors report Consolidated financial report Information on corporate governance Management decision & analysis Related party transaction Share ownership Share held by the controlling shareholder
Shareholders' Participation	Time of notice (days before meeting) AGM: 14 days (Extra ordinary general meeting 21 days)	Time of notice (days before meeting) AGM: 14 days 21 days when special resolution is proposed	Time of notice (days before meeting) AGM: 14 days or 30 days.

2.5 Summary of the Chapter

This chapter discusses the development of corporate governance in Bangladesh, Malaysia and Australia and their institutional settings. The discussions indicate that the three countries have different institutional settings under which listed companies are regulated. The next chapter will review the prior literature relating to corporate governance disclosure in Bangladesh, Malaysia and Australia.

CHAPTER THREE
LITERATURE REVIEW

3.1 Overview of the Chapter

Chapter Three provides a literature review relating to corporate governance disclosure. This chapter is presented as follows: Section 3.2 begins with a definition of corporate governance with Sections 3.3 and 3.4 providing definitions of both mandatory and voluntary corporate governance disclosures respectively. Section 3.5 then provides a detailed literature review on the determinants of corporate governance disclosures with Table 3.1 outlining these studies. Subsequently, prior disclosure studies in Bangladesh, Malaysia and Australia are outlined in Sections 3.6 to 3.8. Section 3.9 then briefly discusses developments in international corporate governance. A summary of the chapter is then provided in the concluding section.

3.2 Definition of Corporate Governance

Corporate governance has been defined in various ways (Gay and Simnett 2007). Broadly, corporate governance encompasses process-based systems in which firms continue their operations (Du Plessis, McConvill and Bagaric 2005). According to the definition of Sir Adrian Cadbury, the Chairperson of Cadbury and Cadbury Schweppes, corporate governance is concerned with maintaining the balance between profitability and individual as well as collective goals (Cadbury 1995). The corporate governance framework should be able to facilitate an effective distribution of power surrounded by depositors, the board of administrators, as well as the executive (Centre for Policy Dialogue Financial Sector Reforms 2001). An effective corporate governance system engages relationships among the firm's executive, its board, investors along with other stakeholder groups (Dye 2001). This broad view is supported by the Centre for Financial Market Integrity, a non-governmental organization, which defines corporate governance as inside powers and actions through which individual firms are managed and directed. It offers a structure that describes the rights, responsibility, and dependability of different stakeholder groups in the company or organization(Centre For Financial Market Integrity 2005). Shleifer and Vishny (1997) frame corporate governance more from a shareholder perspective in which investors expect a return from their investment from a properly formulated corporate governance structure. Similarly, Gay and Simnett (2007) see corporate governance as the method through which firms are directed and controlled through the board of administrators, management, and shareholders.

In essence, there is no generally accepted definition of corporate governance. It commonly refers to the implementation of policy through which corporations are managed and controlled. Perhaps the broader views of governance offer the most insight. Sheridan and Kendall (1992) consider that good corporate governance involves a structure of forming, working and implementing to meet the company's broad goals and to act in accordance with important laws and regulation for the greatest wellbeing of stakeholders.

3.3 One-tier versus two-tier corporate governance systems

Boards of directors play an important role in the governance of companies by having the authority to remove executive directors, set CEO compensation and ratify major strategic decisions and financial statements. The board is a key internal mechanism to monitor and discipline management (Baysinger and Hoskisson 1990; Johnson, Ellstrand and Daily 1996; Neville 2011; Oba, Ozsoy and Atakan 2010). The board of directors is deemed necessary as the separation of corporate control from corporate ownership potentially gives executive directors flexibility to pursue their own interests at the expense of the owners of public corporations (Eisenhardt 1989;

Lan and Heracleous 2010; Muth and Donaldson 1998). However, the global financial crisis and well-known international scandals such as Enron, Parmalat and WorldCom have highlighted that even reputable boards may struggle to effectively monitor executive directors. The causes of failed supervision range from critical information asymmetries on boards to the inability of non-executive directors to monitor powerful CEOs. Consequently, regulators and practitioners have promoted board independence in corporate governance codes and corporate legislation as a means to improve board control (Cormier et al. 2010 ; Daily, Dalton and Cannella 2003; Finegold, Benson and Hecht 2007; Zattoni and Cuomo 2010). Typical measures include discouraging CEO-chairperson duality, increasing the outsider director ratios, and establishing board monitoring committees (Bezemer et al. 2007; Westphal and Zajac 1997).While the effectiveness of board independence measures has been documented extensively in the literature, surprisingly little is known about the internal processes by which boards, and in particular non-executive directors, attempt to improve the monitoring potential of their boards. Prior research has shown the role and importance of regular boardroom evaluations in approving the effectiveness of boards of directors (Conger, Finegold and Lawler 1998; Minichilli, Gabrielsson and Huse 2007). There is scant evidence, however, about the interventions non-executive directors use to actually solve emerging issues in the boardroom.

Despite these challenges, non-executive directors emphasise that they remain sceptical about the one-tier board's potential to solve boardroom issues associated with two-tier boards, suggesting that the origins of many boardroom challenges go beyond the choice of a certain board model to govern executive directors. Boards of directors operate in a variety of systems to monitor management. Whereas non-executive directors in some countries (i.e. US, UK, Japan) operate in one-tier boards, on the other hand non-executive directors in other countries (i.e. Germany, The Netherlands, China and Indonesia) supervise executive directors in two-tier boards (Adams and Ferreira 2007). While one-tier boards integrate decision-management and decision-control in one organisational body, two-tier boards provide for a formal separation of both roles. In two-tier boards, executive directors (i.e. the management board) are responsible for the daily operations of the company and non-executive directors (i.e. the supervisory board) are responsible for the supervision of executive directors (Jungmann 2006; Maassen 1999; Millet-Reyes and Zhao 2010). Scholars have debated the comparative strengths and weaknesses of one-tier and two-tier boards. In essence, the main underlying difference between board models relates to the central question whether it is desirable to have independent monitors involved in decision-management. With fewer organisational layers, the one-tier model may create fewer information asymmetries and alleviate bureaucratic hurdles that may hamper the decision-making process of non-executive directors on two-tier boards (Hooghiemstra and Van Manen 2004 ; Jungmann 2006; Maassen 1999). On the other hand, the structure of one-tier boards in which executive and non-executive directors operate on one board may expose the board's ability to monitor executive directors and provide independent advice to management. Moreover, insider dominated boards might miss business opportunities, as independent outsiders may offer alternative views on environmental developments (Jungmann 2006; Millet-Reyes and Zhao 2010). Accordingly, proponents of the two-tier board model have emphasised the advantages of having non-executives involved in decision-control only.

Scholars and practitioners have not reached a consensus on the monitoring potential of the board models (Adams and Ferreira 2007; Jungmann 2006; Millet-Reyes and Zhao 2010; Rose 2005). Major corporate governance scandals have occurred in firms using both one-tier and two-tier boards. Moreover, the literature suggests that boardroom problems exist in both board models, ranging from information asymmetries and dominant CEOs to group decision-making and other issues related to group dynamics (Conger and Lawler 2009; Hooghiemstra and Van Manen 2004 ; Maassen and Van Den Bosch 1999; Pettigrew and McNulty 1995). In this regard, Conger et al. (1998) remark that all boards need to have knowledge, information, power, motivation and time to adequately execute their roles.

Whereas the literature suggests that non-executive directors on one-tier and two-tier boards may face multiple boardroom challenges, the separation of decision-management from decision-control in the two-tier board model may generate additional obstacles to non-executive directors to monitor management. Fewer joint meetings between executive and non-executive directors of two-tier boards compared to one-tier boards (Spencer Stuart 2013) may make it more difficult for directors to build trust relationships, thereby potentially undermining the communication and flows of information between both boards. Furthermore, the absence of insider information may make it more difficult for non-executive directors on a supervisory board to fully understand and ratify strategic initiatives of the management board, thereby possibly frustrating decision-making processes. In addition, the distance of supervisory board members from the decision making processes may make it more difficult for non-executive directors to provide resources to the firm, thereby missing value-creation opportunities. As such, although both one-tier and two-tier boards operate, neither structure has proved to be superior to the other.

3.4 Definition of Mandatory Corporate Governance Disclosure

Mandatory corporate governance disclosure is essentially a legal requirement and refers to release of required information in corporate annual reports that is

prescribed through the regulatory authorities of a country. This can include a country's stock exchange rules, its laws and regulations. Mandatory corporate governance disclosure occurs where companies are obliged to disclose stipulated information in order to meet regulatory requirements (Adhikari and Tondkar 1992).
Such regulation is often justified on the basis that it safeguards the welfare of ordinary investors (Watts and Zimmerman 1986; Taplin, Tower and Hancock 2002). Regulators require companies to disclose information that companies may wish to hide (Darrough 1993) with an aim to redistribute information between informed and uniformed investors by requiring a minimum level of disclosure (Healy, Hutton and Palepu 1999). Furthermore, the credibility of the information in capital markets is improved with companies' compliance to the regulatory requirements (Al-Htaybat and Napier 2006).

Disclosures are most commonly made in company annual reports and notes to the accounts (Ahmed and Nicholls 1994). The annual report is considered to be the most important source of information to numerous of user-groups (Marston and Shrives 1991). However, each of the items in the annual report is not equally important to all stakeholders (Akhtaruddin 2005). The income statement is preferred by investors who focus on profitability, while the cash flow statement and balance sheet are considered the most useful sections to bankers and creditors who are interested in ongoing viability (Eccles and Mavrinac 1995; Ho and Wong 2001). Mandatory reporting is therefore viewed by regulators as a necessary tool for an efficient market since it minimizes the information asymmetry problems between insiders and outsiders of the firm.

3.5 Definition of Voluntary Corporate Governance Disclosure

In general, voluntary disclosure is the act of releasing information in firm's annual reports not required by regulations such as Corporation Law, accounting standard or stock exchange regulations. In other words, it can be said that voluntary disclosure extends beyond required level of mandatory disclosure. It is therefore optional on the part of corporate executives to make available additional information to various user groups of the annual reports. As such, firms may choose to release information voluntarily to investor groups to assist them in their investment choice decisions (Buzby 1975; Meek, Roberts and Gray 1995). This may also extend to consumer groups (Cooke 1989).

In terms of actual definitions, according to the Financial Accounting Standards Board (FASB), voluntary disclosure essentially refers to releasing information not openly mandated by accounting policy or principles (FASB 2001). However, researchers have defined voluntary disclosure in different ways. Meek et al (1995) describe voluntary disclosure as presenting additional information applicable to the assessment desires of consumers. External investors do not have as much information compared to internal managers regarding firm performance (Healy and Palepu 2001). In the actual business world where the market is not perfectly efficient, it is believed that managers use voluntary financial disclosures to balance the choices they formulate to the outside shareholders. Prior studies also indicate that voluntary disclosures are common among developed nations (Chau and Gray 2002; Eng and Mak 2003; Haniffa and Cooke 2002; Ho and Wong 2001; Hossain, Tan and Adams 1994; Ibrahim, Haron and Ariffin 2000).

3.6 Prior Research on Corporate Governance Disclosure

Corporate governance disclosure has been identified as one of the fundamental elements contributing to overall effective performance by firms (Cheng, Jiang and T 2010; Hossain and Khan. 2006; Hossain, Salat and Al-Amin. 2005; Karim 1996). Gul and Leung (2004) contend that disclosure is a key requirement for the effective operation of equity markets and Mitton (2002) indicates that superior share price is associated with firms that have higher level of corporate governance disclosure. Researchers have investigated relationships between corporate characteristics and disclosures in annual reports by firms since the 1960s. Seminal work on this subject was conducted by Cerf (1961) and subsequently many studies examined the quality of disclosures in various contexts. Examples of such studies include; Owusu-Ansah (1998); Ho and Wong (2001), Joshi and Ramadhan (2002); Chau and Gray (2002); Naser et al. (2002); Naser and Nuseibeh (2003); Akhtaruddin (2005) and Ofoegbu and Okoye (2006); Barako (2007); Iatridis (2008); Aktaruddin et al (2009); Islam et al (2010); Jianfei et al (2011); Aboagye et al (2012); Omar (2013); Idaad et al (2014). Each of these studies is different in terms of research setting, explanatory variables, and construction of disclosure indices and differences in the type and depth of statistical analysis.

Research has expanded from examining developed to developing countries also. Studies in developed countries include: United States; (Buzby 1975; Singhvi and Desai 1971; Street and Gray 2001); New Zealand (McNally, Eng and Hasseldin 1982); Sweden (Cooke 1989); Canada (Bujaki and McConomy 2002); Spain (Wallace, Kamal and Araceli 1994); France (Depoers 2000); Japan (Cooke 1992); Germany (Glaum and Street 2003); New Zealand (Owusu-Ansah and Yeoh 2005); United Kingdom (Camfferman and Cooke 2002; Iatridis 2008) and Bahrain (Omar 2013). On the other hand, studies in developing countries include India (Ahmed 2005; Singhvi 1968), Mexico (Chow and Wong-Boren 1987), Nigeria (Ofoegbu and Okoye 2006; Wallace 1988); Zimbabwe (Owusu-Ansah 1998); Jordan (Naser, Al-

Khatib and Karbhari 2002); Saudi Arabia (Naser and Nuseibeh 2003); Kenya (Barako 2007); Malaysia (Akhtaruddin et al. 2009); Bangladesh (Anup and Shahnag 2013); China (Jianfei and Yiran 2011); and Ghana (Aboagye et al. 2012).

The prior literature has identified several factors as important predictors in the level of disclosures that listed firms made (Benjamin and Stanga 1977; Cooke 1982; Inchausti 1997; Lang and Lundholm 1993; Meek, Roberts and Gray 1995; Singhvi and Desai 1971; Wallace, Naser and Mora 1994).The most important characteristics include firm size, firm profitability, size of the board, firm leverage, audit size, listing status, type of industry, firm age, and board independence. The quality of disclosure in corporate annual reports and accounts has also been represented in the literature by several different constructs: sufficiency (Buzby 1975; Owusu-Ansah 1998), depth (Wallace and Naser 1995; Barrett 1975), in formativeness (Alford et al. 1993), and suitability (Courtis 1976). Each construct suggests that the quality of disclosure can be measured in creating an index to represent the dependent variable.

The remainder of this section provides an overview of the empirical literature on corporate governance disclosure and the various proxies used to investigate the association between corporate governance and the level of disclosure.

3.6.1 Board Size

A bigger board of directors is expected to decrease information asymmetry among insiders and outsiders and positively influence the level of disclosure within firms (Akhtaruddin et al. 2009). This is achieved by reducing the information asymmetry that is inherent in agency relationships that exist within firms between managers and owners (Chen and Jaggi 2000). Therefore, a greater level of information disclosure by firms is expected with a larger board (Zahra, Neubaum and

Huse 2000). Other studies find that a larger board is likely to increase consensus and reduce the unavailability of information (Birnbaum 1984). As a result of the subsequent faster information processing that occurs (via a larger board), board size is expected to influence the levels of disclosure by firms (Zahra, Neubaum and Huse 2000). Furthermore, with a greater number of board directors, there is increased collective expertise and experience which results in the exchange of ideas and information that consequently results in greater levels of disclosure (Chen and Jaggi 2000; Zahra, Neubaum and Huse 2000). However, Jensen (1993) argues that board of directors become less important in terms of the level of disclosure since as board size grows, the control over management decreases.

3.6.2 Board Independence

The main purpose of having independent directors on the board is to increase the level of monitoring and controlling authority over management (Agrawal and Knoeber 1996; Goodstein, Guatam and Boeker 1994; Klein 1998; Kosnik 1990). Given that such directors are independent of management, they are more objective in dealing with management and providing necessary information to outsiders such as key stakeholders. As such, the success in reducing the information asymmetry gap among insider and outsider is strongly depending on the number of independent directors on the board (Agrawal and Knoeber 1996; Goodstein, Guatam and Boeker 1994; Klein 1998; Kosnik 1990). In fact, the independence of board members often results in firms making additional voluntary disclosures at the behest of the independent directors (Anup and Shahnag 2013). Prior literature has shown that firms with dominating independent directors on the boards disclose more information (Fama and Jensen 1983; Leftwich, Watts and Zimmerman 1981).

Early research has shown a positive association between board performance and the number of outside directors on the board as these independent directors are expected to increase shareholders capital. Similarly, Agrawal and Knoeber (1996) found a negative association among outside non-executive directors and firm performance. However, Klein (1998) argues that inside directors have better experience and skill and as a consequence, they are able to contribute further compared to outside directors. However, this argument ignores the information asymmetry issue which relates to the release of financial information to outsiders. Generally prior literature indicates that the release of information, including disclosures, is positively related to the number of independent directors on the board (Akhtaruddin et al. 2009; Goodstein, Guatam and Boeker 1994)

3.6.3 Audit Quality

Becker et al (1998) suggest that financial information is more reliable when audited by 'big four' auditing firms compared to non-big four auditors. As such, the level of disclosure may be different from one company to another company depending on whether the auditor belongs to the big four (Aboagye et al. 2012). Big auditing firms provide better quality auditing since they have a better reputation resulting from better expertise and access to more resources (Anup and Shahnag 2013). In this respect, Beatty and Zajac (1994) believed that big four auditors convince their clients to disclose more information than the minimum. These big four auditors may do so to maintain their reputations as high-quality auditors or to minimize litigations concerns. This is supported by Ahmed and Nichols (1994) who observed that bigger auditing firms would encourage increased disclosure as violations could damage the big four auditor's reputation. In short, audit quality is expected to increase the quality of financial and non-financial information that firms disclose (Ali, Ahmed and Henry 2004; Barako 2007; Camfferman and Cooke 2002; Chau and Gray 2002; Depoers 2000; Glaum and Street 2003; Haniffa and Cooke 2002; Inchausti 1997; Malone, Fries and Jones 1993; McNally, Eng and Hasseldin 1982; Naser, Al-Khatib and Karbhari 2002; Owusu-Ansah 1998; Raffournier 1995; Singhvi and Desai 1971; Wallace, Kamal and Araceli 1994; Wallace and Naser 1995). Prior literature specifically links the greater skill, expertise and experience of the large big four auditing firms in influencing firms to disclosure a greater amount of (additional) information (Wallace, Naser and Mora 1994; De Angelo 1981; Chow 1982; Ahmed and Nicholls 1994).

3.6.4 CEO Duality

The need to separate the position between the CEO and board chairman has been scrutinized in past studies with a view that such a combined role decreases transparency in accounting and quality of financial reporting (Dechow, Sloan and Sweeney 1995).

CEO duality has been found to be negatively related with corporate governance disclosure since combining the two roles reduces the quality of monitoring (Forker 1992). One reason for this is that once the CEO is also the chair of the board, board’s efficiencies in performing its tasks is affected as CEO will have the power to run board meetings, alter agenda matters and choose board members all of which can potentially reduce the effectiveness of boards (Iaad et al. 2014). A number of past studies have found a negative association between CEO duality and disclosure (Argenti 1976; Blackburn 1994; Donaldson and Davis 1991; Forker 1992; Rechner and Dalton 1991; Shamser and Annuar 1993; Stiles and Taylor 1993).

On the other hand, other studies suggest that CEO duality actually improve monitoring quality by boards. Such studies suggest that CEO and board chair roles are combined, there is a higher possibility in achieving company objectives as managers take a greater interest in the firm and shareholders increasing overall board effectiveness (Dahya, Lonie and Power 1996; Donaldson and Davis 1991; Eisenhardt 1989; Rechner and Dalton 1991).

3.6.5 Firm Size

Previous studies find a positive association between firm size and the level of disclosure in both developed and developing countries (Adrem 1999; Cerf 1961; Cooke 1992; Craig and Diga 1998; Kahl and Belkaoui 1981; Raffournier 1995). Small firms have difficulties in bearing the cost of producing both financial and non-financial information compared to larger firms who have access to greater funding and resources (Owusu-Ansah 1998). Furthermore, larger firms have greater incentives to provide additional information in annual reports to reassure a range of consumer groups compared to smaller firms (Ali and Merve 2012). Specifically, larger firms also disclose more information due to the higher number of work processes and volume of transactions generated within such large firms thus necessitating greater levels of disclosure (Ahmed and Courtis 1999; Alsaeed 2006; Buzby 1975; Chow and Wong-Boren 1987; Cooke 1982; Depoers 2000).

Firth (1979) suggests that another possible reason for disclosing more information for larger firms is that larger firms already gather more information for corporate report and for their internal controls. Watts and Zimmerma (1990) argue that bigger firms are more likely to increase disclosure levels because these companies want to make sure that investors are confident about their investments and also wish to reduce political costs. As such, large firms disclose more information than the smaller ones (Meek, Roberts and Gray 1995). Another reason why larger firms disclose more is that they are concerned about their visibility, reputations and the need to maximize profits compared to smaller firms that possibly to disclose less information for reasons relating to competitive advantages (Akhtaruddin 2005; Ali, Ahmed and Henry 2004; Barako 2007; Camfferman and Cooke 2002; Eng and Mak 2003; Ferguson, Lam and Lee 2002; Glaum and Street 2003).

3.6.6 Firm Leverage

Other studies sought to determine the association, if any, between leverage and firm disclosure levels. It was believed that highly leveraged firms, incurring greater observing costs, would look to decrease such costs by greater compliance with disclosure levels (Chow and Wong-Boren 1987; Malone, Fries and Jones 1993; Wallace and Naser 1994). As a consequence, firms disclose further information for the benefit of creditors regularly (Bujaki and McConomy 2002; Camfferman and Cooke 2002; Depoers 2000; Haniffa and Cooke 2002; Inchausti 1997; Meek, Roberts and Gray 1995; Raffournier 1995; Tower, Hancock and Taplin 1999). Essentially, past literature suggests that highly gearing firms reveal additional information to appease shareholders who may have concerns about the viability of their investment in the firm (Taylor et al. 2011). Similarly, Robbins and Austin (1986) discovered an affirmative association between leverage and municipal disclosure. On the whole, leverage is an important variable in disclosure studies as highly leveraged firms disclose additional information to assure shareholders, creditors and other key stakeholders (Ali, Ahmed and Henry 2004; Bujaki and McConomy 2002; Camfferman and Cooke 2002; Depoers 2000; Ferguson, Lam and Lee 2002; Haniffa and Cooke 2002; Inchausti 1997; Prencipe 2004; Raffournier 1995).

3.6.7 Firm Profitability

Past studies have viewed firm profitability as an explanatory variable in disclosure studies (Akhtaruddin 2005; Ali, Ahmed and Henry 2004; Camfferman and

Cooke 2002; Glaum and Street 2003; Haniffa and Cooke 2002; Naser, Alkatib and Karbhari 2002; Tower, Hancock and Taplin 1999). Specifically, since managers pursue self-interested objectives and wish to maintain their prospects within firms including remuneration levels, greater levels of profits are rapidly communicated to the market. Such profits also allow for greater disclosures as resources from profits are available to promote such disclosures (Ahmed and Courtis 1999; Firth 1979; Singhvi and Desai 1971). As such, prior studies reveal a significant association among profitability and information disclosure (Inchausti 1997; Malone, Fries and Jones 1993; McNally, Eng and Hasseldin 1982; Meek, Roberts and Gray 1995; Owusu-Ansah 1998; Raffournier 1995; Singhvi 1968; Singhvi and Desai 1971; Wallace, Kamal and Araceli 1994; Wallace and Naser 1995).

3.6.8 Firm Age

Firm age is also believed to an important variable in determining the extent of information disclosure (Akhtaruddin 2005; Glaum and Street 2003; Haniffa and Cooke 2002; Owusu-Ansah 1998; Prencipe 2004). Researchers such as Choi (1973) and Spero (1979) suggest that recently listed firms release additional information in order to further increase the possibility of obtaining capital at the lowest price and increase confidence among different stakeholder groups, including prospective investors. For different reasons, older firms may also choose to disclose additional information to the market due to reputational and political concerns (Kabir 2014; Madhani 2014). Although it is also possible that older firms may chose due disclose less due to their entrenched existence, new firms almost always have no choice but to disclose more given their relatively new existence.

3.6.9 Industry Type

The type of industry in which the firm is operating is an important variable in terms of disclosure levels since disclosure levels differ between industries (Akhtaruddin 2005; Barako 2006; Camfferman and Cooke 2002; Chau and Gray 2002; Cooke 1982; Cooke 1989; Ferguson, Lam and Lee 2002; Glaum and Street 2003; Haniffa and Cooke 2002; Inchausti 1997; McNally, Eng and Hasseldin 1982; Meek, Roberts and Gray 1995; Naser, Alkatib and Karbhari 2002; Owusu-Ansah 1998; Raffournier 1995; Tower, Hancock and Taplin 1999). For example, Whittred and Zimmer (1990) argued that firms that are operating in a politically visible environment such as oil and gas and manufacturing (Cooke 1992) disclose additional information (Ng and Koh 1994) to manage any negative societal views or concerns.

3.7 Studies in Bangladesh

Several factors are associated with the extent of corporate governance disclosure in Bangladesh. Akhtaruddin (2005) examined corporate governance and mandatory disclosure practices in Bangladesh by selecting 94 listed companies for the period of 1999. A corporate governance disclosure index was prepared and non-parametric and parametric tests used to test hypotheses. It was found that company disclosures averaged 44%. Firm age was not associated with disclosures but industry and profitability were significant predictors of higher disclosures. Hossain and Khan (2006) analysed the annual reports of 100 companies listed on DSE in 2004 to assess the impact of leverage, profitability, firm size, qualification of accounting officer, banking companies, big four auditor, multinational company and concentrated ownership on a disclosure index. Their results indicate that large firms with multinational affiliations, employing big four auditors, concentrated ownership and banks were all positively associated with higher levels of disclosure.

Bhuiyan and Biswas (2007) use data from 155 public listed companies and determined that firms in the financial sector and size were associated with greater disclosures but not older firms and bigger boards. Rouf and Harun (2011) conducted a study examining the link between governance characteristics, corporate characteristics and the level of disclosure on sample of 120 listed non-financial companies the DSE in 2007. A disclosure index was developed utilizing 68 disclosure items. Several variables were used in the study to test the association between the extent of disclosure and ownership structure consisting of proportion of equity in possession by insiders, proportion of equity held by institutional shareholders, total assets, total sales and profitability of a firm. Results indicate that the level of information disclosure is positively associated with higher institutional ownership composition but negatively associated with higher management ownership. There was also a positive relation between disclosure and board size, board leadership structure and audit committee existence but a negative relation with the percentage of independent non-executive directors.

Anup and Shahnag (2013) studied the association between voluntary disclosure and several attributes of corporate governance using data from the annual reports of companies listed on the DSE in 2011. The results obtained show statistically significant differences in levels of voluntary disclosure among listed companies in Bangladesh and show that companies in the financial sector disclose more voluntary information than nonfinancial companies. Findings from this analysis indicate a negative association between voluntary disclosure and percentage of equity owned by insiders. By contrast, firm size and profitability show significant positive relationship with voluntary disclosure. However, this study also shows that voluntary disclosure has no significant relationship with the percentage of equity held by institutions, board size, board audit committee and percentage of independent directors on the board of directors. Finally, Karim, Islam, and Chowdhury (1998) investigated the extent of voluntary disclosure for 146 companies. Using an unweighted index, they find that companies disclose an average of only 26 percent of the 91 voluntary information items suggesting that firm characteristics such as size, audit complexity, return on equity and audit fees are not significantly associated with disclosures.

3.8 Studies in Malaysia

A number of Malaysian studies in the 1990s examined the effect of corporate governance variables on a disclosure index that included strategic, financial and non-strategic information (Hossain, Tan and Adams 1994; Soh 1996). Their results indicate a positive relationship between independent directors, their race and the extent of disclosures made by the listed companies. Haniffa and Cooke (2002), using 1995 annual reports, observed that Malaysian corporate governance disclosure in influenced by cultural factors and the effectiveness of corporate governance mechanisms. These include proportion of non-executive directors on the board, family members on the board, CEO duality and multiple-directorships. Subsequently, Ghazali and Weetman (2006) sought to determine whether there was an impact of the Malaysian Code of Corporate Governance on the level of disclosure among Malaysian publicly listed companies. Their results indicated a significant association between independent non-executive directors, an independent chairman as well as the presence of family members on the board and the extent of disclosure. However, they did not find proprietary costs as significant predictors.

However, past studies also provide contrary evidence. Nazli, Ghazali and Weetman (2006) examined structural institutional factors associated with the degree of disclosures. Using a sample of 2001 listed company annual reports, their results indicated that extent of government ownership; new governance initiatives and industry competitiveness were not important predictors of disclosure. Wan Izyani Adilah and Zunaidah (2010) more recently examined the relationship between family ownership and extent of disclosure for listed companies in Malaysia and their evidence support the claim that when a higher number of family members sit on the board the level of disclosure in firms' annual reports reduces significantly.

Ho (2008) also investigated the impact of corporate governance structures on disclosure by specifically examining five key information categories. In terms of sampling, there were 100 firms over three different socio-economic periods: 1996, 2001 and 2006. Ho (2008) found that the strength of a firm's corporate governance structure influenced disclosure with significant increases in all the key information categories the most pronounced between 1996 and 2001 with a noticeably lower level of communication growth between 2001 and 2006. Aktaruddin et al (2009) examined whether board size, percentage of independent non-executive directors, on board, external share ownership, family power and proportion of independent audit committee members were associated with the degree of corporate disclosure among listed firms in Malaysia. Results suggested a positive association between board size and percentage of independent non-executive directors with disclosure and a negative relationship between family control and independent audit committee members with disclosure.

3.9 Studies in Australia

Clarkson, Bueren, and Walker (2006) provided positive results on the association between internal governance quality and CEO compensation disclosures. They analysed the correlation between the extent of, and changes in disclosure involving chief executive officer remuneration in the annual reports under the Company Law Review Act 1998 (CLRA98) and AASB1046 using a sample of 124 Australian firms for the period 1998 to 2004. Their results indicated that firm size, board, audit committee and remuneration committee independence, quality of the auditor, cross-listing status and public scrutiny were positively related to higher levels of disclosure. Furthermore, Beekes and Brown (2006) examined the association between the disclosure of price-sensitive information under the ASX continuous disclosure requirements and corporate governance based on governance quality ratings published in the Horwath 2002 Corporate Governance Report (Psaros and Seamer 2002). The overall results of their study provided strong support for the link between better governance and more informative disclosure. Specifically, Beekes and Brown (2006), utilizing a sample of 250 Australian firms, found evidence that better governed firms make more price-sensitive disclosure, have a larger analyst following, less biased analyst consensus forecasts, and have a faster speed of price disclosure.

O'Sullivan, Percy and Stewart (O'Sullivan, Percy and Stewart 2006) examined the association between a composite governance score and the disclosure of prospective information in Australian annual reports for the period 2000 and 2002. They found that, in 2000, audit quality variables such as audit committee existence, independence, meeting frequency, auditor quality and independence were all positively associated with the choice to disclose forward-looking information in annual reports. In addition, they also find that governance quality variables such as the independence of compensation committee members and the formation of a nomination committee also positively associated to forward-looking information disclosures.

However, other studies suggest no association between firm or governance quality and disclosures. Using a sample comprising 161 Australian firms and a total of 198 firm-year observations, researchers (Coulton, James and Taylor 2003) investigated the effects of corporate governance mechanisms on the extent of CEO compensation disclosures following a change in reporting provision in Australia. They show no evidence of a relationship between an index of governance attributes and CEO compensation disclosures. James and Cotter (2007), using a sample of 38 companies in 2003, investigated the correlation between the quality of corporate governance disclosure and assessed default risk. A corporate governance disclosure index was developed based on annual report disclosure items to rate each company's corporate governance disclosure quality. Their results revealed that disclosures of corporate governance information in the annual reports are not useful for the assessment of default risk. In a similar vein, Chan and Wickramasinghe (2006) investigated the voluntary disclosure of governance and financial information on the company websites of 40 of Australia's largest companies by market capitalization. Using data from 2000, they find no association between internal governance quality and the level of financial information disclosed on the websites.

In summary, disclosures by firms and their association with firm and governance characteristics has been the subject of extensive academic investigation. Although there are significant predictors of disclosures identified by the prior literature, findings are also mixed with other researchers finding conflicting results thus suggesting that the identification of determinants of disclosures remain an open empirical question. Table 3.1 below presents a review of the past literature on mandatory and voluntary disclosure in countries other than those examined in the study.

Table 3.1: Summary of literature conducted in the past on mandatory and voluntary corporate governance disclosure

Number	Author(s) and Year	Article Title	Country of Study	Theory	Independent variables/Dependent Variables	Significant Variables	Data Analysis
1	Singhvi (1968)	Corporate Disclosure Through Annual Reports in The United States Of America And India	United States and India	Agency theory	Dependent Variable Disclosure index Independent Variables Company size, profitability, number of shareholders, type of management	Company size (+ve), profitability (+ve), number of shareholders(+ve)	Univariate
2	Singhvi and Desai (1971)	An Empirical Analysis of the Quality of Corporate Financial Disclosure	United States	Not specified	Dependent Variable Disclosure index Independent Variables Company size, listing status, profitability, audit firm, number of shareholders	Company size (+ve), Listing status (+ve), number of stakeholders (+ve)	Univariate and Linear Regression
3	Buzby (1975)	Company Size, Listed Versus Unlisted Stocks, and the Extent of	United States	Agency theory	Dependent Variable Disclosure index. Independent	Company size (+ve)	Univariate and Matched-pair Ranked Correlation

		Financial Disclosure			Variables Company size, listing status		
4	Firth (1979)	The Impact of Size, Stock Market Listing, and Auditors on Voluntary Disclosure in Corporate Annual Reports	United Kingdom	Agency theory	Dependent Variable Disclosure index. Independent Variables Company size, listing status, audit firm	Company size (+ve), listing status (+ve)	Univariate
5	McNally et al (1982)	Corporate Financial Reporting in New Zealand: An Analysis of User Preferences, Corporate Characteristics and Disclosure Practices for Discretionary Information	New Zealand	Agency theory	Dependent Variable Disclosure index. Independent Variables Company size, rate of return, growth, audit firm, industry	Company size (+ve), rate of return (+ve), industry (-ve)	Univariate, Kruskal-Wallis, Rank order Correlation
6	Chow and Wong-Boren (1987)	Voluntary Financial Disclosures by Mexican Corporations	Mexico	Institutional theory	Dependent Variable Disclosure index. Independent Variables Company size, financial leverage, assets in place.	Company size (+ve)	Univariate, Bivariate Correlation and Multiple Regression

7	Wallace (1988)	Corporate Financial Reporting in Nigeria	Nigeria	Not specified	Dependent Variable Disclosure index. Independent Variables Various user groups	The entire contents of the corporate annual report and its different parts are found be significant	Descriptive
8	Cooke (1989)	Disclosure in the Corporate Annual Reports of Swedish Companies	Sweden	Agency theory	Dependent Variable Disclosure index Independent Variables Company size, listing status, industry and parent company relationship.	Company size (+ve), listing status (+ve)	Univariate, Linear Regression Stepwise
9	Cooke (1992)	An Assessment of Voluntary Disclosure in the Annual Reports of Japanese Corporations	Japan	Institutional theory	Dependent Variable Disclosure index Independent Variables Company size, listing status, industry.	Company size (+ve)	Univariate, Linear Regression Stepwise and Factor analysis for size variables.
10	Cooke (1993)	Disclosure in Japanese Corporate Annual Reports	Japan	Agency theory	Dependent Variable Disclosure index Independent Variables Listing status	Listing status (+ve)	Univariate

11	Malone et al (1993)	Empirical Investigation of the Extent of Corporate Financial Disclosure in the Oil and Gas Industry	United States	Agency theory	Dependent Variable Disclosure index Independent Variables Company size, listing status, profitability, leverage, audit firm, number of shareholders	listing status (+ve), profitability (+ve), number of shareholders (+ve)	Stepwise Regression model
12	Wallace et al (1994)	The Relationship between Comprehensiveness of Corporate Annual Reports and Firm Characteristics in Spain.	Spain	Not specified	Dependent Variable Disclosure index Independent Variables Company size, profitability, listing status, industry, liquidity, audit firm, gearing.	Company size (+ve), listing status (+ve)	Multivariate Rank OLS Regression
13	Meek et al (1995)	Factors Influencing Voluntary Annual Report Disclosures by US, UK and Continental European Multinational Corporations	UK, US, France, Germany, Netherlands	Agency theory	Dependent Variable Disclosure index Independent Variables Company size, profitability, country origin, listing status, industry, leverage, industry.	Company size (+ve), listing status (+ve), industry (+ve)	Linear Regression models

14	Raffournier (1995)	The Determinants of Voluntary Financial Disclosure by Swiss Listed Companies	Switzerland	Not specified	Dependent Variable Disclosure index Independent Variables Company size, profitability, ownership structure, internationality, industry, leverage, auditor type	Company size (+ve), internationality (+ve)	Univariate and Multiple Linear Regression (stepwise)
15	Wallace and Naser (1995)	Firm-Specific Determinants of the Comprehensiveness of Mandatory Disclosures in the Corporate Annual Reports of Firms Listed on the Stock Exchange of Hong Kong	Hong Kong	Not specified	Dependent Variable Disclosure index Independent Variables Company size, profitability, scope of business, audit firm, market capitalization, sales, liquidity, earnings return, outside ownership, foreign registered office, gearing	Company size (+ve), scope of business (+ve), profitability (-ve)	OLS and Rank OLS Regression
16	Inchausti (1997)	The Influence of Company Characteristics and Accounting	Spain	Positive accounting theory	Dependent Variable Disclosure index Independent	Company size (+ve), auditing (+ve), stock exchange (+ve)	Correlation and Stepwise Regression

		Regulation on Information Disclosed by Spanish Firms.			Variables Company size, Stock exchange, industry, profitability, leverage, auditing, dividends		
17	Owusu-Ansah (1998)	The Impact of Corporate Attributes on the Extent of Mandatory Disclosure and Reporting by Listed Companies in Zimbabwe	Zimbabwe	Institutional theory	Dependent Variable disclosure index Independent Variables Company size, audit quality, ownership structure, industry type, company age, MNC affiliation, profitability, liquidity	company size (+ve), ownership structure (+ve), company age (+ve), multinational corporation affiliation (+ve), profitability (+ve)	OLS Regression
18	Entwistle (1999)	Exploring the R&D Disclosure Environment.	Canada	Not specified	Dependent Variable Number of sentences Independent Variables R & D expense proportion, capitalization of R & D, Cross listing status, Size, Industry, Capital structure	Cross listing (+ve), size (+ve), Industry (+ve)	Multiple Linear Regression
19	Tower et al (1999)	A Regional Study of Listed Companies' Compliance with	Hong Kong, Malaysia, Philippines, Singapore and	Agency theory	Dependent Variable Disclosure ratio Independent	Country (+ve), days (+ve)	Univariate and General Linear Model

		International Accounting Standards.	Thailand		Variables Country, Size, Leverage, Profit, Industry, Days		
20	Depoers (2000)	A Cost-Benefit Study of Voluntary Disclosure: Some Empirical Evidence from French Listed Companies.	France	Agency theory	Dependent Variable Disclosure index Independent Variables Company size, barriers to entry, labour pressure, leverage, ownership structure, foreign activity, audit firm.	Company size (+ve), foreign activity (+ve)	Multiple Linear Regression, Stepwise OLS
21	Street and Gray (2001)	Observance of International Accounting Standards: Factors Explaining Non-Compliance	China, France, Germany, Switzerland, Other Western Europe, Africa, Middle East, Former Soviet block	Not specified	Dependent Variable Disclosure Index Independent Variables Listing status, company size, profitability, industry, type of auditor, type of accounting standard used, type of auditing standard used, country of domicile, size of home stock market.	Listing status (+ve), company size (+ve), auditing standard (+ve)	Multiple Regression, Correlation, ANOVA, and Univariate

22	Bujaki and McConomy (2002)	Corporate Governance: Factors Influencing Voluntary Disclosure by Publicly Traded Canadian Firms.	Canada	Not specified	Dependent Variable Disclosure score Independent Variables Financial condition, Share issue, unrelated director, regulated industry, medium and size.	Company size (+ve), Industry (+ve)	Linear Regression
23	Chau and Gray (2002)	Ownership Structure and Corporate Voluntary Disclosure in Hong Kong and Singapore	Hong Kong and Singapore	Agency theory	Dependent Variable Disclosure Index Independent Variables Ownership structure, size, leverage, audit firm, multinational, industry and profitability.	Ownership structure (+ve), size (+ve)	Linear Regression
24	Naser et al (2002)	Empirical Evidence on the Depth of Corporate Information Disclosure in Developing Countries: The Case of Jordan.	Jordan	Agency theory	Dependent Variable Disclosure Index Independent Variables Company size, Liquidity, Market Capitalization, Gearing, Sales, Profitability, Number	Company size (+ve), audit firm status (+ve), liquidity (+ve), gearing (+ve), profitability (-ve)	Multiple Linear Regression, Correlation and Univariate

					of shareholders, % of Government ownership, % of individual ownership, % of Foreign ownership, % of Arab ownership, Size of Auditors, Type of Industry, Profit Margin, Number of employees.		
25	Camfferman and Cooke (2002)	An Analysis of Disclosure in the Annual Reports of U.K. And Dutch Companies	United Kingdom and Netherlands	Agency theory	Dependent Variable Disclosure Index Independent Variables Industry type, size, net income margin, debt ratio, liquidity ratio, return on equity, and audit firm	Company size (+ve), industry type (+ve)	Mann-Whitney nonparametric statistic and Regression analysis
26	Ferguson, Lam and Lee (2002)	Voluntary Disclosure by State-Owned Enterprises Listed on the Stock Exchange of Hong Kong	Hong Kong	Not specified	Dependent Variable Disclosure Index Independent Variables Firm type (Local, H-Share, Red chip), Industry type, firm	Firm type (+ve), multiple listing (+ve)	Univariate and Linear OLS Regression

					size, leverage, multiple listing.		
27	Eng and Mak (2003)	Corporate Governance and Voluntary Disclosure	Singapore	Agency theory	Dependent Variable Disclosure Index Independent Variables Managerial ownership, government ownership, proportion of outside directors, sixe, leverage, growth, industry, audit firm, analyst, profitability.	Ownership structure (+ve), board composition (+ve)	OLS Regression
28	Glaum and Street (2003)	Compliance With The Disclosure Requirement of German's new market: IAS Versus US GAAP	Germany	Agency theory	Dependent Variable Disclosure Index Independent Variables Company size, Industry type, profitability, multinational,	Company size (+ve), profitability (+ve), ownership structure (+ve)	Univariate and Ordinary Least Square (OLS)

					domicile, maturity, growth, growth options, choice, ownership structure, country, listing.		
29	Ali et al (2004)	Disclosure Compliance with National Accounting Standards by Listed Companies in South Asia	India and Pakistan	Not specified	Dependent Variable Disclosure Index Independent Variables Size, financial leverage, multinational company status, size of external auditor and profitability.	Size (+ve), profitability (+ve), multinational company status (+ve)	Univariate, Ordinary Least Square, (OLS),Correlation and Factor analysis
30	Prencipe (2004)	Proprietary Costs and Determinants of Voluntary Segment Disclosure: Evidence from Italian Listed Companies	Italy	Proprietary costs theory	Dependent Variable Disclosure index. Independent Variables Correspondence between segments, growth rate, listing status, age, ownership dilution, profitability, size, leverage.	Correspondence between segments (+ve), listing status (+ve), age (+ve), ownership dilution (+ve), profitability (+ve), size (+ve), leverage (+ve) .	OLS regression

31	Rosario Babio Arcay and Vazquez. (2005)	Corporate Characteristics, Governance Rules and the Extent of Voluntary Disclosure in Spain	Spain	Not specified	Dependent Variable Disclosure Index Independent Variables Firm size, proportion of independent directors, existence of audit committee, ownership concentration, investor protection, stock option plan.	Firm size (+ve), proportion of independent directors (+ve), audit committee (+ve), stock option plan (+ve), investor protection (+ve)	Univariate and Ordinary Least Square (OLS)
32	Daske and Gebhardt (2006)	International Financial Reporting Standards and experts' perceptions of disclosure quality	Germany, Switzerland and Austria	Not specified	Log of market capitalization, log of assets, average number of analysts, total debt to market capitalization, PPE to total assets and return on assets.	log of assets (+ve), average number of analysts (+ve), total debt to market capitalization (+ve)	Multiple Linear Regression, Correlation and Univariate
33	Barako (2007)	Determinants of Voluntary Disclosures in Kenyan Companies Annual Reports	Kenya	Agency theory	Dependent Variable Disclosure index Independent Variables Board composition, leadership structure, board size, audit committee, shareholder	Firm size (+ve), audit committee (+ve), board composition (-ve), profitability (-ve), leverage (+ve), liquidity (+ve)	Univariate, Ordinary Least Square (OLS) with Panel-Corrected Standard Errors (PCSEs).

					concentration, foreign ownership, institutional ownership, firm size, external auditor firm, leverage, profitability, liquidity and industry type.		
34	Iatridis (2008)	Accounting Disclosure and Firms' Financial Attributes: Evidence from the UK Stock Market	United Kingdom	Agency theory	Dependent Variable Binary Independent Not specified Variables Size, growth, profitability, liquidity, leverage, taxation, management	Size, (+ve), growth (+ve), leverage (+ve).	Binary Logistic Regression and Kruskal-Wallis test.
35	Mohammad and Helmi (2009)	Voluntary Disclosure in the Annual Reports of an Emerging Country: The Case of Qatar	Qatar	Agency theory	Dependent Variable Disclosure Index Independent Variables Firm age, firm size, profitability, complexity, assets in place	Firm age (+ve), size (+ve), assets in place (-Ve)	OLS Regression Analysis
36	Kim, Lee and Taeyong (2010)	Corporate Transparency and Firm Performance: Evidence from	Korea	Not specified	Dependent Variable Disclosure index Independent	firm profitability (+ve), firm value (-ve)	multivariate regression methods

		Korean Ventures			Variables firm value, firm profitability and firm sustainability		
37	Jianfei et al (2011)	Internal Control Disclosure and Corporate Governance: Empirical Research from Chinese Listed Companies	China	Not specified	Dependent Variable Disclosure Index Independent Variables The degree of ownership concentration, the proportion of state ownership, board size, the total number of board directors, directors' remuneration, directors' education level, the proportion of independent directors ,the number of independent directors/the total number of di- rectors, two part-time posts of chairman and general man-ager; Supervisors' education level.	Directors remuneration (+ve), proportion of state ownership (-ve),	Descriptive statistics, correlation analysis, Linear regression analysis.

38	Aboagye et al (2012)	Corporate Governance and Disclosure Practices of Ghanaian Listed Companies	Ghana	Agency theory	Dependent Variable Disclosure Index Independent Variables Board composition, audit committee composition, audit committee competence, market capitalization ownership structure, firm size, leverage.	Board composition (+ve), audit committee composition (+ve)	Regression analysis, descriptive statistics,
	Ali et al (2012)	Value Relevance of Voluntary Disclosure: Evidence from Turkish Firms	Turkey	Not specified	Dependent Variable Market capitalization. Independent Variables Voluntary disclosure score.	Voluntary disclosure score (+ve)	Descriptive statistics, univariate analysis, multivariate analysis.
39	Omar (2013)	Ownership Structure and Corporate Voluntary Disclosure: Evidence from Bahrain	Bahrain	Agency theory	Dependent Variable Disclosure Index Independent Variables Firm size, firm leverage, ownership structure, blockholder ownership, managerial ownership,	Firm size (+ve), Firm leverage (-ve), blockholder ownership (-ve),	Descriptive statistics, univariate analysis, multivariate analysis

					government ownership.		
41	Khiari (2013)	Corporate Governance and Disclosure Quality: Taxonomy of Tunisian Listed Firms Using the Decision Tree Method Based Approach	Tunisia	Not specified	Dependent Variable Disclosure Index Independent Variables Board of directors, ownership structure, board audit committee.	Board of directors (+ve), ownership structure (+ve)	Content analysis
42	Idaad et al (2014)	Board Composition, Firm Characteristics, and Voluntary Disclosure: The Case of Jordanian Firms Listed on the Amman Stock Exchange	Jordan	Agency theory	Dependent Variable Disclosure Index Independent Variables Board size, proportion of non-executive directors, CEO duality, board ownership concentration, institutional ownership, foreign ownership, director age, director gender.	Foreign ownership (+ve), director age (+ve), ownership concentration (-ve)	Multiple regression analysis.
43	Kabir (2014)	Firm Characteristics and Voluntary Segments:	Nigeria	Agency theory	Dependent Variable Disclosure Index Independent Variables	firm size (+ve), industry type (+ve, firm listing status (-ve),	Descriptive analysis, Pearson correlations and

		Disclosure among the Largest Firms in Nigeria			Firm size, industry type, Listing status age, growth, return on investment, ownership diffusion, voluntary segments disclosure.	growth (-ve), return on investment (-ve), ownership diffusion(-ve), voluntary segments disclosure (-ve).	Multivariate regression
44	Madhani (2014)	Corporate Governance and Disclosure Practices in India: Domestic Firms Versus Cross-Listed Firms	India	Not specified	Dependent Variable Disclosure Index Independent Variables Listing status age, return on investment, ownership diffusion.	Listing status (+ve),	Descriptive analysis, Pearson correlations and Multivariate regression

3.10 Developments in International Corporate Governance

Corporate governance practices vary widely across countries and firms. A great deal of effort has been expended on improving corporate governance quality following the corporate scandals of Enron and WorldCom in the US, HIH and OneTel in Australia and Parlamat in Italy. Such global collapses have confirmed that corporate governance issues are not merely a dilemma for emerging markets financial system but also for developed economies and has become an international concern (Rhoads 2004). As such, there is a need for an international response and a number of countries and corporate governance reformists have sought to formulate and introduce guiding principles that other countries can adapt to their institutional circumstances. As a result of these efforts by organizations such as the Organization of Economic Co-operation and development (OECD), other countries have implemented new rules and stock exchange listing requirements in order to strengthen the quality of their corporate governance processes. Such examples include the New York Stock Exchange, NASDAQ, ASX, LSE, DSE and BMB who have improved their listing regulations to introduce stronger and more effective governance structures for companies.

By way of background to the work done by the OECD in corporate governance, in 1999, the OECD introduced and designed a set of principles of corporate governance for firms to adhere to (OECD 2004) with international applicability (Dallas and Bradley 2002). Since then, the OECD principles of corporate governance have been recognized as an international benchmark for investors, policy makers, stakeholders, and companies including the International monetary fund, the World Bank, the United Nations and the G7 leaders at the Cologne summit in June 1999.

3.11 Summary of the Chapter

Chapter Three outlines the literature review relating to corporate governance disclosure with definitions of corporate governance and mandatory and voluntary corporate governance disclosures initially provided. A detailed literature review on the determinants of corporate governance disclosures is consequently undertaken with prior disclosure studies in Bangladesh, Malaysia and Australia identified. A brief discussion on the developments in international corporate governance is then provided. Chapter Four will discuss the theoretical framework for corporate disclosure and develop the hypotheses of this thesis.

CHAPTER FOUR
THEORETICAL PERSPECTIVE AND HYPOTHESES DEVELOPMENT

4.1 Overview of the Chapter

This chapter has two main objectives, namely to discuss the theoretical underpinnings to the study of corporate governance disclosure and to present the key literature relating to the hypotheses examined in the study. This chapter is organized as follows: Section 4.2 describes the two theoretical perspectives to the study with Section 4.3 developing all the testable hypotheses. A conceptual schema illustrating the key relationships is also provided in Section 4.4 and a summary of the chapter concludes Section 4.5.

4.2 Theoretical Perspective – Corporate Governance Disclosure

Corporate governance has been examined in a number of theoretical contexts such as agency theory, institutional theory, legitimacy theory, stakeholder theory and resource dependency theory (Psaros 2009). The two theories most relevant to the current study are agency theory and institutional theory given the relevance of agency theory to the insider/outsider dichotomy prevalent in most corporate structures and institutional theory to the functioning of capital markets and society as a whole. In line with agency theory, companies prepare and release information to user groups such as shareholders, creditors, financial analysts and the principal objective of information disclosure by firms is to mitigate conflicts among shareholders and managers and therefore minimise agency costs (Lobo and Zhou 2001). At the same time, the study seeks to investigate the determinants of corporate governance disclosure from three different institutional settings, i.e., emerging, developing and developed settings. Institutional theory maintains that firms are not only be influenced by informal pressures to disclose information, but also face formal, coercive pressures to conform to societal standards (Scott 2001; Greening and Gray 1994; DiMaggio and Powell 1983). The following subsections discuss both agency and institutional theories and also provide a link between them and corporate governance disclosure.

4.2.1 Agency Theory

Jensen and Meckling (1976) explain the division of ownership and control as an agency relationship based upon conflicts of interests between a range of contracting parties, namely, shareholders, corporate managers and debt holders. Specifically, both Jensen and Meckling (1976) and Fama and Jensen (1983) suggest that an agency relationship occurs when the principal delivers decision-making authority to an agent to perform some service on the behalf of the principal. Shareholders (and debt holders) act as principals in seeking to obtain maximum utility from the actions of management (who serve as the agents). However, both parties in the relationship are utility maximizers and it is reasonable to believe that the managers will not always act in the best interests of the shareholders but will pursue self-interest creating the agency problem. As a result of having conflicting aspirations, both shareholders and managers incur monitoring and bonding costs respectively, known as agency costs.

Corporate governance structures in firms are viewed as an important mechanism to overcome the agency problem and reduce agency costs (Pratt and Zeckhauser 1991; Fama and Jensen 1983; Jensen and Meckling 1976; Stano 1976; Fama 1980). Strong corporate governance mechanisms often align the interests of owners and managers (Fama 1980; Fama and Jensen 1983; Jensen and Meckling 1976; Stano 1976). In an agency theory framework, information disclosure promoted by corporate governance structures in firms is, in fact, considered as essential to overcome agency problem. For example, Burton (2000) argues that agency costs are best controlled by limiting management discretion through the establishment of structures to monitor and control management behaviour. Such structures include independent board of directors, an independent chairperson and independent board sub-committee such as the audit committee (Ellstrand et al. 1999). Such structures would serve to moderate management's self-serving behaviour and improve the quality of information generated by management, including financial and non-financial disclosures.

4.2.2 Institutional Theory

Since Meyer and Rowan's (1977) seminal work developing institutional theory, a vast body of research has subsequently used institutional theory. Institutional theory suggests that organizational structures play a vital role as symbolic displays of conformity and social accountability (Kalbers and Fogarty. 1998). Institutional theory scrutinizes the function of societal forces in determining appropriate firm behaviour (Ingram and Simons 1995; Oliver 1997). Firms obey the rule and regulations expected from society to improve their legitimacy (DiMaggio and Powell. 1983). Given therefore such expectations from society, firms may choose to disclose information to key stakeholders such as shareholders, creditors, and financial analysts etc. to enhance their legitimacy, right to use resources and ensure their continued existence.

For the purposes of the study, institutional theory offers a basis to explain how external pressures affect organizational behaviour and consequently affect their disclosures. The rationale for information disclosure by firms is to provide information to firms' key stakeholders such as customers, investors, employees, and other interest groups. Such information disclosure policies are premised on the notion that making organizations disclose information can reduce stakeholder pressure (Weil et al. 2006). Prior literature has shown such stakeholder pressure to vary according to the nature of information disclosed, geographic locations and industry (McConnell and Schwab 1990; Sine and Lee 2009). Using institutional theory as a theoretical framework, a number of other studies find that external institutional pressures force firms to disclose corporate governance information (Dacin 2002; DiMaggio and Powell. 1983; Meyer and Rowan. 1977; O'connell 2006; Oliver 1991; Scott 1987).

It is important for firms to implement the new structures as a response to rules, accreditation demands and public opinion. O'Connell (2006), argues that a developed corporate governance mechanism such as audit committee or board of directors can help the firm to respond appropriately to such expectations. O'Connell (2006) also believes that firms that do not conform no longer have legitimacy of functions. As a result such firms are at risk to claims that they are slipshod, unreasonable, or superfluous and risk forfeiting stakeholder support (O'Connell 2006).

4.2.3 Adoption of Theories

The prior discussions indicate that both theories have a role in the level of corporate governance disclosure by firms even though both theories have different individual objectives. The main benefit of corporate governance disclosure is to provide additional assurance to different stakeholder groups on the integrity and fairness of presented financial information. Agency theory is adopted in the current study since agency theory provides the most relevant theoretical framework for investigating the relationship between corporate governance, firm and country characteristics disclosure. The reason corporations need to disclose information can best be explained within an agency theory context.

For example, Pincus et al. (1989) found a significant relationship between agency costs (proxied by firm leverage, size and ownership structure) and the formation of an audit committee. In this respect, corporate governance disclosure practices is considered to work as a fundamental mechanism to reduce information asymmetry between insiders and outsiders of corporation. Scholars strongly argue that corporate governance disclosure is a pivotal governance mechanism in mitigating conflicts between contractual parties (Carcello and Neal 2000; Van Der Zahn and Tower 2004; Beasley 1996). To decrease the information gap therefore, a variety of contractual mechanisms, including corporate boards and audit committees are considered necessary to balance the interests of the management with the needs of outsiders (Klein 1998; Shleifer and Vishny 1997). For this reason, from an agency theory perspective, monitoring the actions and decisions of management is the primary focus of the board. Fama (1980), for example, finds that the composition of board structures is an effective monitoring mechanism in assuring the quality of reporting and corporate accountability. This view is also supported by other researchers (Dalton et al. 1998; Dulewicz and Herbert 2004; Peng 2004; Weisbach and Hermalin 2003). Given therefore the close association of corporate governance and firm characteristics with information disclosure and contractual arrangements arising from agency conflicts, agency theory provides the study’s underlying theoretical perspective.

On the other hand, institutional theory is also relevant for the study as this theory suggests that firms, in efforts to conform to societal expectations, prepare and release disclosure items not all of which is mandatory. A number of studies determined that institutional factors, for example, shareholder protection laws and judicial efficiency have an affirmative role on corporate governance disclosure

(Klapper and Love 2002; La porta, Lopez-de-silanes and Shleifer 1999; La porta et al. 2000). As such, corporate governance disclosure can best be applied in an institutional theory context since institutional factors are strongly linked to corporate governance disclosure. Researchers have concluded that institutional factors can have a significant impact on the level of disclosure since developed laws, legal regimes and regulations have all been found to be positively associated with institutional theory (La porta et al. 2000).

Institutional theory is also relevant to the study given its focus to examine the extent of corporate governance disclosure within three different institutional settings (i.e., Bangladesh, Malaysia, and Australia). Therefore, in the context of the study, institutional theoretical arguments suggest that organizations may engage in complying with guidelines on expectations such as disclosure levels as these are seen as obvious or proper, as opposed to being calculative and self-interested (Oliver 1991). Scott (1987) documents that outside pressures and expectations relate to not only former corporate governance guidelines, but also public opinion regarding good corporate governance practices. In other words, applying corporate governance guidelines may be driven not only by process of self-interest, as explained by DiMaggio (1983), but also by an acceptance of these institutionalized guidelines. Covaleski and Dirsmith (1988) go on to argue that an organization's survival requires it to conform to social norms of acceptable behaviour. DiMaggio and Powell (1983), Meyer and Rowan (1977) and Zucker (1987) all suggest that the self-serving advantages of compliance with institutional norms result in a variety of rewards for organizations such as increased sales, higher levels of legitimacy, high-quality employees etc.

Using institutional theory as a theoretical framework, a number of studies find that external institutional pressures force firms to adopt corporate governance guidelines (Dacin 2002; DiMaggio and Powell 1983; Meyer and Rowan 1977; O'Connell 2006; Oliver 1991; Scott 1987). In addition, in a strong institutional setting, firms will be able to disclose more information for different groups of consumers in order to increase their legitimacy and mitigate social pressures. As a result, institutional factors have an influence in the area of corporate governance and the level of disclosure.

4.3 Development of Hypotheses

The study investigates whether corporate governance characteristics, firm characteristics and country characteristics are key predictor variables affecting the levels of both mandatory and voluntary disclosures for Bangladeshi, Malaysian and Australian listed firms. The following sub-sections present the development of hypotheses that will be tested using empirical analyses, including the rationale for the expected relationships and identify the proxies utilized to measure each of the variables.

4.3.1 Corporate Governance Characteristics and Disclosure

If a firm has stronger corporate governance (i.e., strong board characteristics and audit quality) mechanisms in place, these structures should ensure that the firm discloses required and often, additional information in their annual report to mitigate external pressure from society and reduce agency costs. For the purposes of the study, the corporate governance characteristics examined are board independence, board size, CEO duality, and audit quality.

4.3.1.1 Board Independence

Corporate governance advocates, regulators and scholars frequently argue that a board with independent directors is more likely to be effective in discharging its responsibilities. This is due to the fact that independent directors, having no role in the executive or day-to-day running of the firm, are much more concerned about their reputational capital and more likely to required firms to comply with all rules and regulations, including those relating disclosures. In fact, the independence of board members often results in firms also making additional voluntary disclosures at the behest of these independent directors. Prior literature has shown that firms whose boards are dominated by independent directors are expected to disclose more information (Fama and Jensen 1983; Leftwich, Watts and Zimmerman 1981). Similarly, other research has determined that firm-level disclosure is associated with the higher percentage of independent directors on the board (Chen and Jaggi 2000; Forker 1992).

Moreover, in a corporate environment, there is a possibility to reduce information asymmetry by appointing independent directors on behalf of the external owners (Healy and Palepu 2001). In this way, agency theory suggests that board effectiveness can be increased through the work of such non-executive directors (Fama and Jensen 1983; Jensen and Meckling 1976; Mangel and Singh 1993). Another study suggests that non-executive directors are the real monitors of a firm as they have the experience, expertise and better linkages with the outside environment (Tricker 1984).

4.3.1.2 Board Size

Board size may also influence the level of disclosure made by firms. A larger number of directors on the board play a more substantial role in reducing the information asymmetry that is inherent in agency relationships existing within firms (Chen and Jaggi 2000). Therefore, a greater level of information disclosures by firms is expected with more directors are on boards (Zahra, Neubaum and Huse 2000). A board of directors is the highest level of controlling body within a firm and they are also responsible for making policies and procedures which managers are expected to adhere to. Chen and Jaggi suggest (2000) that there is a positive linkage between the level of disclosure and the amount of directors on the board.

Brinbaun (1984) also suggests that a greater number of board members are likely to result in increases in the level of information disclosure. The size of the board is believed to impact the level of disclosure as larger boards are expected to observe management more closely as smaller boards tend to result in slower information processing (Zahra, Neubaum and Huse 2000). As such, the efforts and capabilities of a larger board of directors increases the value of the firm which results in an improved level of disclosure.

4.3.1.3 CEO Duality

CEO duality can be described as a role duality in which the CEO (or the equivalent top manager) of the firm is also the Chairperson of the board of directors. Past researchers such as Donaldson and Davis (1991), Forker (1992), Rechner and Dalton (1991), Shamser and Annuar (1993), Stiles and Taylor (1993), and Blackburn (1994) all call for the separation of these two roles as evidence suggests that CEO duality reduces internal governance quality with the CEO being able to regulate board meetings, prepare the agenda and select board members leading to lower disclosures. Other researchers believe that CEO duality actually increases internal governance quality given that the CEO, who is involved in the day-to-day operations of the firm, is better able to inform the board and also help in effective monitoring (Dahya, Lonie and Power 1996; Dhaliwal 1980; Eisenhardt 1989; Rechner and Dalton 1991).

However, given that the majority of the prior literature indicates that CEO duality reduces governance quality and in turn disclosures, the study assumes that CEO duality is detrimental to the levels of disclosures by firms.

4.3.1.4 Big 4 Auditor

Audit quality is posited to increase the quality of financial information reported by firms given that, as a result of a higher quality auditor, a greater amount and quality of financial and non-financial information is provided by firms. Prior literature specifically links the skill, expertise and experience of the large big four auditing firms in inducing firms to engage in greater levels of disclosure (Wallace, Naser and Mora 1994; De Angelo 1981; Chow 1982; Ahmed and Nicholls 1994). It is therefore likely that the appointment of a big four auditor will result in increased levels of both mandatory and voluntary disclosures by firms, although there may be a lagged effect before firms actually start disclosing more.

4.3.1.5 Audit Committee

The existence of an audit committee is also important to improve the level of transparency and disclosure within firms. Forker (1992) suggested the presence of an audit committee is an important component in terms of reduce information gap between insiders and outsiders. Researchers and regulators suggest that an audit committee, particularly one that consists of non-executive or independent directors, will be more successful in persuading management to increase levels of disclosure given that audit committees are specifically charged with the responsibility of providing oversight of the firm's financial reporting process (Abbott, Parker and Peters 2004; Australian Securities Exchange (ASX) 2007; Blue Ribbon Committee 1999; Carcello and Neal 2000; Dechow, Sloan and Sweeney 1995; McMullen and Raghunandan 1996; Menon and Williams 1994).

The above discussions relate to the corporate governance characteristics examined in the study. In line with the above arguments, the following hypotheses are proposed with regards to the relation between corporate governance characteristics and levels of disclosures by firms in the three countries examined:

H1a: Corporate governance characteristics of firms influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

H1b: Corporate governance characteristics of firms influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

In summary, given that the five measures above have been found in the past literature to influence firm level disclosures, the study will also develop proxies for these measures when determining the extent to which that they influence the level of both mandatory and voluntary disclosure in Bangladesh, Malaysia and Australia.

4.3.2 Firm Characteristics and Disclosure

If a firm has certain characteristics, it is believed that these features can influence the extent of disclosures by the firm. For the purposes of the study, the firm characteristics examined are ownership concentration, return on asset, firm size, firm leverage and firm age.

4.3.2.1 Ownership Concentration

The impact of ownership concentration on firm disclosure has received considerable attention over the last three decades (Demsetz and Lehn 1985; Morck, shleifer and Vishny 1988). Increased levels of concentrated ownership can lead to greater levels corporate governance disclosure (McConnell and Servaes 1990). Specifically, recent studies on East Asian markets found that concentrated ownership within firms can reduce agency conflicts between inside owners and outside investors thereby resulting in greater levels of disclosure (Claessens, Djankov and Lang 2000; Claessens et al. 2002; La porta, Lopez-de-silanes and Shleifer 1999). Specifically, contemporary research work on East Asian markets establish that concentrated ownership volumes contained through organizations can moderate agency engagements among privileged owners and external stakeholders, in so doing, bring about in superior stages of disclosure (Claessens, Djankov and Lang 2000; Claessens et al. 2002; La porta, Lopez-de-silanes and Shleifer 1999).

Researchers believed that high levels of concentrated ownership can improve monitoring quality resulting in a better level of information disclosure (McConnell and Servaes 1990). Other empirical studies also show that ownership concentration can reduce the information gap between inside owners and outside investors potentially resulting in better disclosures (Claessens et al. 2002; Claessens, Djankov and Lang 2000; La porta, Lopez-de-silanes and Shleifer 1999).

4.3.2.2 Firm Return on Assets

Return on assets is also an indicator of firm’s profitability but, unlike return on equity, it is calculated using the firm’s total assets as the benchmark. A profitable firm may wish to disclose more information as this will enhance investors’ confidence and ultimately, the compensation of the management. According to Ng and Koh (1994), profitable firms wish to disclose more information as this will generate a better reputation and help the firm either avoid or minimize their exposure to external regulations. Additionally, some of the disclosures may relate to the firm introducing self-regulation mechanisms to evade external scrutiny (Watson, Shrives and Marston 2002).

Furthermore, profitable companies are prepared to reveal higher levels of disclosures as this has been found to increase stakeholder support for their continued profitable position (Inchausti 1997). Other prior research has also revealed a positive relation between a firm's return on asset and the release of information (Wallace, Naser and Mora 1994; Lundholm and Lang 1993; Singhvi and Desai 1971).

4.3.2.3 Firm Size

Prior studies have identified firm size is an important variable in information disclosure. This is because bigger companies may release additional information due to reputational concerns and the ability to allocate additional resources to disclosing (Ahmed and Courtis 1999; Alsaeed 2006; Buzby 1975; Chow and Wong-Boren 1987; Cooke 1982; Depoers 2000). Other researchers also found that the size of the firm is clearly connected with the stage of development by firms (Barako, Hancock and Izan 2006) and that larger firms disclose more information than smaller firms (Brammer and Pavelin 2006).

Researchers have noted several reasons for larger firms to disclose more information than smaller firms. Managers of larger firms are expected to release additional material since they are very concerned about their reputation and the future profits of the firm whereas smaller firms are more likely to think that complete release of information possibly will negatively affect their economic situation (Ho and Wong 2001; Wallace, Kamal and Araceli 1994; Watson, Shrives and Marston 2002).

4.3.2.4 Firm Leverage

Prior research has determined that there is a positive association between leverage and disclosure given that a more leveraged firm has to provide greater levels of disclosure to satisfy the needs of creditors and (increasingly) vigilant stakeholders (Ahmed and Courtis 1999; Alsaeed 2006; Fama and Miller 1972; Malone, Fries and Jones 1993; Naser, Alkatib and Karbhari 2002). Moreover, if firms do consequently demonstrate higher levels of disclosure in efforts to satisfy creditors, the firm's costs of raising funding can fall (Khanna, Palepu and Srinivasan 2004). Past studies have shown mixed result on the relationship between firm leverage and with the level of disclosure among US and UK firms suggesting that institutional features can affect the relationship between leverage and disclosure by firms (Meek, Roberts and Gray 1995).

4.3.2.5 Firm Age

Firm age is thought to influence the disclosure of information. A recently listed company may need to reveal further information to reduce the uncertainty from investors and to encourage these investors and other key stakeholders such as creditors to not only invest or lend funds to the firm but also on favourable terms (Choi 1973; Spero 1979). Owusu-Ansah (1998) believe that there are two main reasons why information disclosure is affected by firm age: (1) a newly listed firm may experience competition in the corporate environment; and (2) difficulties in getting the required information because of expenditure and effort. In addition, newly listed firms may suffer from lack of capital, not have a well-established brand name and/or corporate reputation compared to older firms (Kakani, Saha and Reddy 2001).

The above discussions relate to the firm characteristics examined in the study. In line with the above arguments, the following hypotheses are proposed with regards to the relation between firm characteristics and levels of disclosures by firms in the three countries examined:

H2a: Firm characteristics influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

H2b: Firm characteristics influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

In summary, given that the six measures above have been found in the past literature to influence firm level disclosures, the study will also develop proxies for these measures when determining the extent to which that they influence the level of both mandatory and voluntary disclosure in Bangladesh, Malaysia and Australia.

4.3.3 Country Characteristics and Disclosure

If a firm has stronger country characteristics in place, these structures may ensure that the firm discloses required and additional information in their annual report to secure investments. Institutional theory also suggests that countries response to international pressure in order to gain legitimacy and consequently investments and enhance their chances of prosperity (Elsbach 1994; Suchman 1995; Zucker 1987). For the purposes of the study, the corporate governance characteristics examined are gross domestic product, equity markets, adoption of International Financial Reporting Standards, corruption, investor protection and the Gini coefficient.

4.3.3.1 Gross Domestic Product

Gross domestic product (GDP) represents the value of all goods and services produced in a country and prior literature often utilizes GDP per capita as an indicator of a country's economy and the individual's standard of living (Easterlin and Laura 2007). A high GDP level suggests improved production of goods and services and refers to the wellbeing of the individual with higher average incomes. Such incomes generally results in increased consumption levels that perpetuate the increase in a country's economy (Stevenson and Justin 2008). For the purposes of the study, it is posited that the greater the GDP per capita of a country, the greater the likelihood of educated investors and the stronger the regulatory framework in the country. These factors consequently result in company's responding to increased demands from stakeholders and regulatory agencies by disclosing more.

4.3.3.2 Equity Market

Equity markets are an indicator of market growth within a country. Equity market development is an important determinant of corporate financing choices and long-run economic growth (Demirguc and Levine 1996). Strong equity markets demonstrate economic growth and liquidity that leads to capital build-up which, in turn, is connected to economic growth within a country (Demirguc and Levine 1996). Equity markets provide capital and allocate this capital into useful investments by utilizing domestic savings, improving information, formulating monitoring mechanisms of good corporate governance practices, and facilitating exchange of financial instruments that correspond to the ownership of capital (Levine 2005). Equity markets consequently lead to long-term growth and for the purposes of the study, it is posited that the greater the market growth and hence trading of a country, the greater the likelihood of firm's disclosures in that country as the securities traded increases transactional activity resulting in greater regulatory protection.

4.3.3.3 International Financial Reporting Standards (IFRS)

The main objective of the International Financial Reporting Standards (IFRS) is to provide a general global language for business so that company accounts are understandable and comparable across international boundaries. IFRS resulted from the development of international shareholdings and businesses and is particularly important for companies that have dealings in several countries. The implementation of IFRS results in an increase in comparable financial information which consequently decreases the information asymmetry between firm insiders and outsiders (Ashbaugh 2001; Leuz and Verrecchia 2000). As a result, additional comparable and (often) international financial information about a firm is available to outside investors and managers are therefore unable to obscure their expropriations from companies (Ball 2006). Given that IFRS adoption increases the provision of comparable financial information internationally by increasing the understand ability and comparability of financial reports, IFRS adoption in a country is expected to also result in increased levels of disclosures.

4.3.3.4 Corruption

Corruption is an important factor influencing firm level disclosures. Empirical research on corruption is rare given the methodological issues involved in measuring this construct and obtaining the required data (Treisman 2000). Corruption is expected to have a negative consequence on economic growth and social welfare as corrupt practices reduce the effective and efficient operations of capital markets as both individuals and companies may fear to participate. Of the limited prior studies investigating corruption, results indicate that corrupt practices lower economic growth and this decreases the incentives for investment and capital trading (Bradhan 1997; Huntington 1968; Leff 1964). Other adverse consequences of corruption within a country include slower economic growth resulting from reduced foreign direct investments and increased income inequality (Gupta, Davoodi and Tiongson 2002; Mauro 1995; Mo 2001; Wei 2000)

. For the purposes of the study, it is posited that the lower the corruption rate of a country, the greater the likelihood of firm's disclosures in that country given that regulatory enforcement is likely effective in promoting legitimate and non-corrupt transactions.

4.3.3.5 Investor Protection

Investor protection mechanisms within a country impact the release of information for that country (Hope 2003; Jaggi and Low 2000; Bushman, Piotroski and Smith 2004). Researchers have indicated that the level of legal protection for investors is positively related with disclosures by firms (La porta et al. 2000). Investors act on disclosures if a country has strong legal protection for those investors whereas weak legal protection regimes lead investors believing that disclosures are held back resulting in ineffective disclosures and higher levels of uncertainly which discourage investment decisions. Morck, Yeung and Yo (2006) suggest that if a country's legal systems are not strong enough, the level of information disclosure become ineffective. For the purposes of the study, it is posited that greater levels of investor protection promotes increased transactional activity and this, in turn, encourages disclosures by firms.

4.3.3.6 Gini Coefficient

The Gini coefficient also known as the Gini index or Gini ratio is a measure of statistical dispersion intended to represent the income distribution of a nation's residents (Gini 1936). The Gini coefficient therefore measures the inequality among values of levels of income (Ali and Gesami. 2002) with a Gini coefficient of zero expresses perfect equality where all values are the same and everyone has the same income. A Gini coefficient of one (or 100%), on the other hand, expresses maximum inequality among income values (for example, where only one person has all the income) (Blomquist 1981). The Gini coefficient is therefore an index of income inequality to measure national income inequality (Firebaugh 1999). Income inequality and distribution can influence the levels of corporate governance disclosure exhibited by firms given that high levels of income inequality reduces the number of individuals and investors that have the money to participate in the capital marketplace. For the purposes of the study, it is posited that the lower the Gini coefficient of a country (i.e., when income inequality is low and money is available to a greater number of individuals), the greater the likelihood of firm disclosures in that country.

The above discussions relate to the country characteristics examined in the study. In line with the above arguments, the following hypotheses are proposed with regards to the relation between country characteristics and levels of disclosures by firms in the three countries examined:

H3a: Country characteristics influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

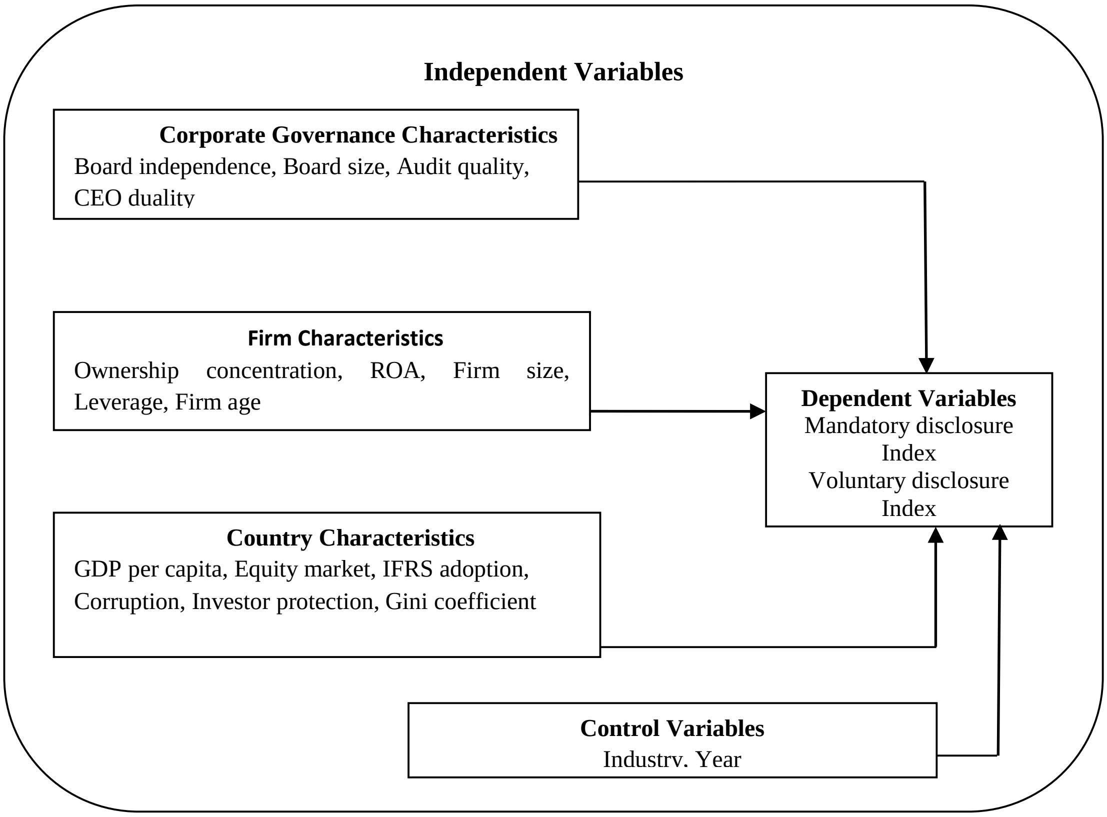
H3b: Country characteristics influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia.

In summary, given that the six measures above have been found in the past literature to influence firm level disclosures, the study will also develop proxies for these measures when determining the extent to which that they influence the level of both mandatory and voluntary disclosure in Bangladesh, Malaysia and Australia.

4.4 Conceptual Schema

Figure 4.1 shows the conceptual schema of the variables examined in this thesis:

Figure 4.1: Conceptual Schema



4.5 Summary of the Chapter

This chapter presented the two theories applicable to the study and a detailed discussion of how both theories underpin the research questions. Past literature is discussed when developing the testable hypotheses. Finally, a conceptual schema is also provided illustrating the major relationships between the three groups of independent variables and the level of disclosures exhibited by firms.

Chapter Five will provide details of research method including the sample selection process, sources of data, time period selection and the measurement criteria for all the variables used in the study. Additionally, the statistical models used for multivariate analysis will also be specified.

CHAPTER FIVE
RESEARCH METHODOLOGY

5.1 Overview of the Chapter

The theoretical perspective to the study is provided in Chapter Four with the development of hypotheses. Theories related to corporate governance disclosure were also discussed and a conceptual schema provided.

Chapter Five presents' the key features of the research techniques to be applied to the analysis. This chapter is organized follows: Section 5.2 outlines the procedure of sample selection and source documentation. Subsequently a detailed description of the dependent, independent and control variables along with the measurement technique are in Section 5.2.1 to 5.2.3. Section 5.6 specifies the statistical models for the data analysed. Section 5.7 stipulates additional analysis and Section 5.8 concludes the chapter.

5.2 Sample, Documentation and Time Period

This section outlines the methodology applied in sample selection and the source documentation. The following sub-sections provide a justification of the sample firms selected, source documentation chosen and time period analysed.

5.2.1 Sample

The preliminary sample encompasses all publicly listed firms that are continuously listed on the DSE, BSMB and ASX for the period of 2006-2010. The study also excludes IPO firms, foreign firms and unit trusts as their financial statement are not prepared in accordance with the standard disclosure requirements compared to other listed firms.

5.2.2 Source Documentation

Data for the study are obtained from archival data in the form of listed firm annual reports. Listed firms are selected in view of the fact that listed entities provide readily accessible information in an appropriate usable form. Consistent with former empirical research, financial institutions, banks and stock brokerages are excluded since that firms are regulated by specific regulatory boards and data presentation differs from other companies (Gul and Leung. 2004).

A number of sources are used to obtain data for the study. Data for the dependent, independent and control variables are collected from publicly available financial information, specifically annual reports which were obtained from the Annual Reports Collection (Connect 4 Pty Ltd). The study considers annual reports as a major source of documentation consistent with Lang and Lundholm (1993) who discovered a significant positive association among annual report disclosure and other forms of disclosure. Mandatory and voluntary information is generally provided through annual report which could be business or non-financial information and either qualitative or quantitative in nature.

Annual reports for Bangladesh and Malaysia are downloaded from their respective stock exchanges' web-sites. Failing this, the required annual reports are accessed via each firm's individual web-site. Data for Australian firms are collected from annual reports located either within DatAnalysis (an Aspect Huntley Database) or the Annual Reports Collection (Connect 4 Pty Ltd) or ORBIS.

5.2.3 Time Period and Sample Selection

The time period selected for examination comprises all firms registered on the DSE, BSMB and ASX continuously across the observation window of 2006 to 2010 calendar years (a five-year time-frame). This period is selected as it transcends a key period in the global financial accounting and corporate governance landscape specifically the Global Financial Crisis. By applying a random selection process, 40 companies are initially selected for 2006. Data for these 40 companies are also selected for the remaining time period resulting in a total sample of 200 firm-year observations per country over the five year period resulting in a final usable sample of 600 firm-year observations. Tables 5.1 to 5.3 summarize the detailed sample selection process for Bangladesh, Malaysia and Australia.

Table 5.1: Sample selection and industry breakdown (Bangladesh)

Panel A: Sample Selection			
Number of firms listed on the *DSE* as at 2006-2010			522
Exclusions:			
	Financial institutions	(22)	
	Insurance	(46)	
	Bank	(30)	
	Corporate Bond	(3)	
	Debenture	(8)	
	Mutual Funds	(41)	
	Treasury Bond	(221)	
	Firms that are not continuously listed	(41)	
Sample pool for random selection - 2006			110
	Number randomly selected - 2006	40	
	Firm-years from 2006 to 2010	200 (40*5)	
Final usable sample			200
Panel B: Sample firm break down by industry			
***DSE* Industry**		No. of Firms	% of Sample
	Cement	3	7.5%
	Engineering	10	25.00%
	Food & Allied	4	10.00%
	Fuel & Power	5	12.5%
	Jute	1	2.5%
	IT Sector	1	2.5%
	Textile	5	12.5%
	Miscellaneous	4	10.00%
	Tannery Industry	1	2.5%
	Pharmaceuticals & Chemicals	6	15.00%
Total		**40**	**100**

Table 5.2: Sample selection and industry breakdown (Malaysia)

Panel A: Sample Selection			
Number of firms listed on the *BSMB* as at 2006-2010			958
Exclusions:			
	Financial institutions	(69)	
	Insurance	(9)	
	IPO firms	(396)	
	Bank	(33)	
	Investment Services	(19)	
	Foreign incorporated firms	(27)	
	Firms that are not continuously listed	(26)	
Sample pool for random selection - 2006			379
	Number randomly selected - 2006	40	
	Firm-years from 2006 to 2010	200 (40*5)	
Final usable sample			200
Panel B: Sample firm break down by industry			
Bursa Malaysia Industry		No. of Firms	% of Sample
	Communication	6	15.00%
	Consumer Discretionary	7	17.5%
	Industrial	5	12.5%
	Materials	3	7.5%
	Consumer Staples	15	37.5%
	Utilities	1	2.5%
	Energy	2	5.00%
	Healthcare	1	2.5%
Total		**40**	**100**

Table 5.3: Sample selection and industry breakdown (Australia)

Panel A: Sample Selection			
Number of firms listed on the ASX as at 2006-2010			2,128
Exclusions:			
	Financial institutions	(133)	
	Insurance	(10)	
	IPO firms	(106)	
	Trust	(92)	
	Foreign incorporated firms	(64)	
	Firms that are not continuously listed	(222)	
Sample pool for random selection - 2006			1,501
	Number randomly selected - 2006	40	
	Firm-years from 2006 to 2010	200 (40*5)	
Final usable sample			200
Panel B: Sample firm break down by industry			
ASX Industry		No. of Firms	% of Sample
	Materials	10	25.00%
	Energy	3	7.5%
	Information Technology	1	2.5%
	Industrial	8	20.00%
	Consumer Staples	3	7.5%
	Consumer Discretionary	8	20.00%
	Health Care	4	10.00%
	Utilities	3	7.5%
Total		**40**	**100**

In the next sections, proxy measures for the dependent, independent and control variables are identified.

5.3 Measurement of Dependent Variables

One key objective of this research is to discover the governance information content disclosed in firms' annual reports. In this respect, past researchers have used a variety of disclosure checklists (Chau and Gray 2002; Meek, Roberts and Gray 1995). Some have utilized voluntary disclosure checklists (Barako 2007; Ferguson, Lam and Lee 2002; Haniffa and Cooke 2002), while other studies have utilized mandatory disclosure checklists (Akhtaruddin 2005; Owusu-Ansah 1998; Street and

Gray 2001; Al-Shammari 2008). Researchers have also combined both mandatory and voluntary disclosure checklists (Cooke 1992; Cooke 1993; Inchausti 1997). The items included in preparation of a disclosure checklist can also vary (Wallace, Kamal and Araceli 1994).This study developed a disclosure checklist drawing on prior studies and separated mandatory and voluntary disclosure items in line with the existing disclosure requirements in Bangladesh, Malaysia and Australia.

The dependent variable in the study is the corporate governance disclosure index (CGD) as described in Table 5.4. The extent of CGD is measured using a mandatory (MDI_{it}) and voluntary disclosure (VDI_{it}) index. The total disclosure index comprising 53 disclosure items relate to corporate governance disclosures. However, the mandatory items differ between countries depending upon individual stock exchange listing rules, regulations, codes of practice, accounting standards and company acts.

The disclosure checklist (at Table 5.4) is categorized into 13 major categories: general corporate information, corporate strategic information, director's information, ownership and shareholder, governance structure and policies, audit committee, remuneration committee, nomination committee, recognize and manage risk, members of the board and key executives, annual general meeting, timing and means of disclosure and best practices for compliance with required regulations. These 13 key categories have been established by previous studies showing that they are relevant to corporate governance disclosure (Eng and Mak 2003; Hossain, Tan and Adams 1994; Soh 1996).

Table 5.4 outlines the approach adopted in preparing both the mandatory and voluntary disclosures checklists for Bangladesh, Malaysia and Australia. Initially, all mandatory disclosure items for each country were identified with the note below

Table 5.4 indicating the mandatory disclosure items for each country. Naturally, given the different institutional frameworks in each of the three countries examined, some disclosure requirements were mandatory in a particular country but not in another country. In total, there were 13 categories of disclosures with the actual number of disclosures items reaching a total of 53. After considering mandatory items in the disclosure index, the remaining items were regarded as potential voluntary disclosure items. For each item in the mandatory disclosure checklist, a firm within a country is given a score of ‘1’ if it is disclosed that information item and ‘0’ if the item is not disclosed. Similarly for voluntary disclosure items, a firm is given a score of ‘1’ if it disclosed that item voluntarily and ‘0’ if the item is not disclosed. Each firm then received a percentage measure of their compliance with the respective disclosure checklist within their country for each year.

Table 5.4: Corporate Governance Disclosure Index

	Item
1.	**General Corporate Information** 1. Company’s mission statement[A] 2. Brief history of the company[A] 3. Corporate structure/ chart[A] 4. The annual statement contain a statement addressing corporate governance[A] 5. Stock exchanges on which shares are held[A]
2.	**Corporate strategic Information** 6. Statement of corporate strategy and objectives -general[A] 7. Statement of corporate strategy and objectives-financial[A] 8. Statement of corporate strategy and objectives-marketing[A] 9. Statement of corporate strategy and objectives-social[A] 10. Impact of strategy on current performance[A]
3.	**Corporate Governance/Directors Information** 11. Name of principal shareholders[B] 12. List of Directors[B] 13. Board’s policy for nomination and appointment of directors[B] 14. Procedure for the selection and appointment of new directors and the re-election of incumbent directors[B] 15. Shares held by directors of the company[B] 16. Meeting held and attendance[H] 17. Educational qualifications of the directors[A] 18. Experience of the directors[G] 19. Position or office held by executive directors[A]

	20. Other directorship held by executive directors[G] 21. Remuneration of the directors[B]
4.	**Ownership and Shareholder** 22. Statement of shareholder rights[D] 23. Description of communication process with shareholders[I]
5.	**Governance Structure and Policies** 24. Size of board[H] 25. Composition of board[E] 26. Division between chairman and CEO[H] 27. Chairman statement[B] 28. Information about Independent director[G] 29. Role and functions of the board[E] 30. Compliance with stock exchange legal rules[G] 31. Code of conduct or a summary[D] 32. Trading policy or a summary[D]
6.	**Audit committee** 33. Audit committee charter[I] 34. ‘Big Four’ audit[G] 35. Independence of auditors[D] 36. Auditor fees[H] 37. Information on procedures for the selection and appointment of the external auditor[F] 38. Committee size[G] 39. Number of meeting during year[G]
7.	**Remuneration committee** 40. Charter of the remuneration committee/ summary of the role, rights, responsibilities and membership requirements[F] 41. Number of meeting during year[G] 42. Number of meeting during year[I]
8.	**Nomination committee** 43. Charter of the nomination committee/summary of the role, rights, responsibilities and membership[F] 44. Size of the committee[G] 45. Number of meeting during year[I]
9.	**Recognize and manage risk** 46. Summary of the company’s policies on risk oversight[F] 47. Summary of the company’s policy on prohibiting entering into transactions in associated products which limit the economic risk under any equity-based remuneration scheme[F] 48. Management of material business risk[F]
10.	**Members of the Board and Key executives** 49. Biography of the board members[C]
11.	**Annual General Meeting** 50. Notice of the AGM[E]
12.	**Timing and means of disclosure** 51. Separate section for corporate governance[C]
13.	**Best practices for compliance with required corporate governance regulations** 52. Compliance with required regulation[H] 53. Policies or a summary of those policies designed to guide compliance with listing rule disclosure requirement[F]

Note:

Mandatory and Voluntary Corporate Governance Disclosure Items in Bangladesh, Malaysia, and Australia.

1. In Bangladesh, items no, 2, 11, 12, 13, 14, 15, 21, 28, 39, 41, 50, are mandatory and rest of the items are voluntary.
2. In Malaysia, items no, 13, 16, 24, 25, 27, 33, 41, 47, 48, 52, 53, are mandatory and rest of the items are voluntary.
3. In Australia, items no, 13, 14, 37, 38, 39, 43, 46, 47, 48, 49, 52, are mandatory and rest of the items are voluntary.[15]

Sources of disclosure checklist:

A= (Adapted from Voluntary Disclosure Checklist, Gray, Meek, and Roberts 1995)
B= (Adapted from Corporate Mandatory Disclosure Practices in Bangladesh, M. Akhtaruddin 2005)
C= (Adapted from Islam, Hossienie and Baki: Corporate Governance and Voluntary Information Disclosure: A Study of Listed Financial Companies in Bangladesh 2010)
D= (Adapted from OECD Principles of Corporate Governance 1999)
E= (Adapted from Guidance on Good Practices in Corporate Governance Disclosure-United Nations Conference on Trade and Development 2006)
F= (Adapted from Corporate Governance Principles and Recommendations, ASX Corporate Governance Council 2007, 2nd Edition)
G= (Adapted from Companies Annual Reports Listed on the DSE, BSMB, and ASX 2006-2010)
H= (Adapted from Bursa Malaysia Listing Requirements 2010)
I= (Adapted from Corporate Governance Listing Requirements of the New York Stock Exchange 2002)

5.4 Measurement of Independent Variables

The study examines corporate governance characteristics, firm characteristics and country characteristics as being possible key predictor (independent) variables affecting the level of both mandatory and voluntary disclosures within Bangladeshi Malaysian and Australian listed firms. The independent variables are consequently classified into three groups: corporate governance characteristics, firm characteristics, and country characteristics. Measurement proxies for the independent variables are detailed in the sections 5.4.1 to 5.4.3.

5.4.1 Measurement of Corporate Governance Characteristics

The study has identified four dominant corporate governance proxies (measures) found to play a role in the level of disclosures by listed firms. The study measured corporate governance characteristics using board independence, board size,

[15] The results reported are expressed as a percentage to indicate the proportion of firms (in each of the three countries) that either complied with mandatory or voluntary disclosures and this approach is consistent with prior studies. However, one shortcoming of this approach is that the mean does not equate to the number of disclosures as the former is a percentage while the latter is simply a raw number.

CEO duality, and audit quality. The following sub-sections specify the measurement technique for each of these proxies.

5.4.1.1 Measurement of Board Independence

Corporate governance advocates, regulators and scholars frequently argue that a board with independent directors is more likely to be effective in discharging responsibilities. This is due directly to the fact that independent directors, having no role in the executive or day-to-day running of the firm, are much more concerned about their reputational capital and are therefore more likely to require firms to comply with all rules and regulations, including those relating mandatory disclosures. In fact, the independence of board members often results in firms also making additional voluntary disclosures at the behest of these independent directors. Prior literature has measured board independence, considering the proportion of independent directors on the board (Fama and Jensen 1983; Leftwich, Watts and Zimmerman 1981). For the purpose of the study, each company's board independence is measured as the percentage of independent directors on the board to the total number of directors on the board of firm *i* for time period *t*, otherwise 0.

5.4.1.2 Measurement of Board Size

Board size may also influence the level of disclosure made by firms. A larger number of directors on the board play a more substantial role in reducing the information asymmetry that is inherent in agency relationships that exist within firms (Chen and Jaggi 2000). Therefore, a greater level of information disclosures by firms is expected with more directors on boards (Zahra, Neubaum and Huse 2000).

Board size is measured based on the total number of directors on the board. Past literature suggests that a greater level of information disclosure is expected with more directors on boards (Zahra, Neubaum and Huse 2000).

5.4.1.3 Measurement of CEO Duality

CEO duality has been found to be associated with corporate governance disclosure (Forker 1992). When the CEO is also the chair of the board, the board's effectiveness in performing its governing function may affected as CEO will be able to influence board meetings, select agenda items, as well as board members. In the study for the purpose of measuring CEO duality, a firm will take the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.

5.4.1.4 Measurement of Audit Quality

The quality of audit refers to the appointment of a 'Big Four Auditor' and the existence of an audit committee. Audit quality is posited to increase the quality of financial information that firms produce as a greater degree of quality scrutiny has been applied to the financial statements. Prior literature specifically links the greater skill, expertise and experience of the large Big Four auditing firms in influencing firms to disclosure a greater amount of (additional) information (Wallace, Naser and Mora 1994; De Angelo 1981; Chow 1982; Ahmed and Nicholls 1994). The study measures audit quality as a dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0. Audit committee existence is measured as a dummy variable that takes the value 1 if the firm has an audit committee of firms *i* for time period *t*, otherwise 0. Given that audit committees are charged with oversight over the financial reporting function, the existence of an audit committee should increase the quality of financial reporting.

5.4.2 Measurement of Firm Characteristic

Prior literature has identified six firm related proxies (measures) found to play a dominant role in the level of governance disclosures. For this study, firm characteristics are measured by firm ownership concentration, return on asset, size, leverage and age. The following sub-sections specify measurement technique of these proxies.

5.4.2.1 Measurement of Ownership Concentration

The impact of ownership concentration on firm disclosure has received considerable attention over the last three decades (Demsetz and Lehn 1985; Morck, shleifer and Vishny 1988). Increased levels of concentrated ownership can lead to greater levels corporate governance disclosure (McConnell and Servaes 1990). Specifically, recent studies on East Asian markets found that concentrated ownership can reduce agency conflicts between inside owners and outside investors thereby resulting in greater levels of disclosure (Claessens, Djankov and Lang 2000; Claessens et al. 2002; La porta, Lopez-de-silanes and Shleifer 1999). On the other hand, Fama and Jensen (1983) suggest that in a widely held ownership environment, the likelihood of conflicts of interest among manager and shareholders are higher compared to closely held companies. As a consequence, the probability of information disclosure is expected to be higher in the case of widely held companies as managers seek to appease shareholders.

Past literature has examined ownership concentration as an important determinant of information disclosure. For example, some studies found a negative relationship among concentred ownership and disclosure (Haniffa and Cooke 2002; Huafang and Jianguo 2007; Tsamenyi, Enninful-Adu and Onumah 2007). On the other hand, other empirical results indicate no such association (Baek, Johnson and Kim 2009; Depoers 2000; Ghazali and Weetman 2006; Holm and Scholer 2010; Makhija and Patton 2004; Parsa, Kouhy and Tzovas 2007). Ownership concentration is measured by the proportion of ordinary share held by top five shareholders to total number of shares issued of firm *i* for time period *t*.

5.4.2.2 Measurement of Firm Return on Assets

Prior studies found a positive association between firm's return on asset and the level of information disclosure (Wallace, Naser and Mora 1994; Lundholm and Lang 1993; Singhvi and Desai 1971). Researchers find that higher levels of return on assets suggest to outsiders a company with higher investment potential which, in turn, increases the level of disclosure in corporate annual report (Hossain 2000; Inchausti 1997; Karim 1996; Owusu-Ansah 1998; Wallace, Kamal and Araceli 1994). This study measures a firm's return on asset by calculating the firm's net profit after tax divided by total assets of firm *i* for time period *t.*

5.4.2.3 Measurement of Firm Size

Prior studies examined firm size as an important disclosure-related variable (Buzby 1975; Cerf 1961; Courtis 1976; Singhvi 1968; Soh 1996). Several studies found that pressure from shareholders, closer monitoring by regulatory bodies and the requirement to raise the capital lead larger firms to disclose a greater level of information (Choi 1973; Firth 1979; Schipper 2007). Furthermore, previous studies also found a positive association among firm size to the level of disclosure in both developed and developing countries (Cerf 1961; Cooke 1992; Craig and Diga 1998; Kahl and Belkaoui 1981; Raffournier 1995).

Larger firms disclose more information due to the higher number of work processes and volume of transactions generated within such large firms thus necessitating greater levels of disclosure (Ahmed and Courtis 1999; Alsaeed 2006; Buzby 1975; Chow and Wong-Boren 1987; Cooke 1982; Depoers 2000). To measure firm size, this study used natural log of total asset of firm *i* for time period *t.*

5.4.2.4 Measurement of Firm Leverage

Earlier research has found that there is a positive association between leverage and disclosure given that a more leveraged firm has to adopt greater levels of disclosure to satisfy the needs of creditors and increasingly vigilant stakeholders (Ahmed and Courtis 1999; Alsaeed 2006; Fama and Miller 1972; Malone, Fries and Jones 1993; Naser, Alkatib and Karbhari 2002). Highly geared firms are expected to disclose further information for the benefit of creditors and to also reassure shareholders (Meyer and Rowan 1977; Schipper 1981; Taylor et al. 2011). The study measured leverage as total debt divided by total assets of firm *i* for time period *t.*

5.4.2.5 Measurement of Firm Age

Firm age is also believed to be an important variable in determining the extent of information disclosure. Researchers such as, Choi (1973) and Spero (1979) suggested that recently listed firms release additional information in order to further raise capital at the lowest price and increase confidence among different stakeholder groups. The study measured firm's age calculating number of years in operation as a listed firm of firm *i* for time period *t.*

5.4.3 Measurement of Country Characteristics

For the study, country characteristics are measured by culture, GDP per capita, equity market, IFRS adoption, corruption, investor protection and Gini coefficient. The following sub-sections specify measurement technique of these proxies.

5.4.3.1 Measurement of Gross Domestic Product

Gross domestic product (GDP) refers to the price of a country's goods and services produced. Prior literature often utilizes GDP per capita as an indicator of a country's standard of living. For the purposes of the study, it is posited that the greater the GDP per capita of a country, the greater the likelihood of firm's disclosures in that country as the education of investors and other stakeholder grows and the countries regulatory framework improves requiring greater information exchange. The study measure gross domestic product as real Gross Domestic Product divided by total population.

5.4.3.2 Measurement of Equity Market

Equity market is also a sign of market growth, as sizes of market boost the disclosure necessities as well as the extent of information revealed by market contributors (Adhikari and Tondkar 1992; Jaggi and Low 2000). In terms of measurement, the variable equity market is captured by the stock market capitalisation ratio divided by Gross Domestic Product.

5.4.3.3 Measurement of International Financial Reporting Standards (IFRS)

Many countries around the world have adopted international financial reporting standards to improve the quality of financial reporting (example include Bangladesh, Malaysia, USA, UK, Singapore in 2009; Thailand, Philippines in 2005; New Zealand in 2007; Hong Kong in 2005; China in 2007; Canada and Australia in 2005).[16] Implementation of IFRS can aid to reduce information asymmetry between a firm and its stakeholders including creditors, suppliers, employees, financial analysts, stockbrokers, management and government agencies. The implementation of IFRS can lead to increased disclosures and a decrease in information irregularity among firm insiders and outsiders (Ashbaugh 2001; Leuz and Verrecchia 2000). The study considered this proxy as a dummy variable that takes the value 1 if the firm adopts IFRS between the periods of 2006-2010 of firms *i* for the time period *t*, otherwise 0.

5.4.3.4 Measurement of Corruption

Corruption is considered as an important factor influencing firm level disclosures. However, empirical research on corruption is rare given the methodological issues

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[17] More than 100 countries have introduced IFRS since 2005 including countries from the European Union.

involved in measuring this construct (Treisman 2000). The study measure corruption as considering corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country (Transparency International 2005).

5.4.3.5 Measurement of Investor Protection

The type of investor protection largely depends on a country's legal system, standard of accounting policies and stock exchange regulations. Earlier research shows that there appears to be a difference among civil law countries compared to common law countries regarding the protection of investors. In this respect, researchers (La porta, Lopez-de-silanes and Shleifer 1999) in a cross country study, argue that common law countries are found to have greater investor protection than countries of civil law countries. Their research also found that the establishment of investor protection in countries impacts on accounting policy choice which is, in turn, associated with the extent of firm disclosure. To measure this variable, the shareholder rights index is used (La porta 1998) ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.

5.4.3.6 Measurement of Gini Coefficient

The Gini coefficient is an indicator of national income inequality. Although not previously studied, it is believed that income inequality can influence the levels of corporate governance disclosure exhibited by firms. Based on the Gini index of income inequality, this proxy is measured as a percentage from 0 to 100; where 0 indicates perfect equality and 100 indicate perfect inequality (Uni-Wider World Income Inequality 2008).

5.5 Measurement of Control Variables

Two additional control variables are incorporated into the statistical analysis to examine the hypotheses. The control variables that are used to test the hypotheses of this research are industry and year which are explained in the following sub-sections.

5.5.1 Measurement of Industry

The type of industry in which the firm is operating may be an important variable in terms of disclosure since levels of disclosure differ as per industry type. Whittred and Zimmer (1990) argued that firms those are operating in a politically responsive environment such as oil and gas are estimated to disclose additional information (Ng and Koh 1994). On the other hand, Inchausti (1997) believed that there is no connection among the type of industry and the stage of disclosure. The study used industry as a control variable. The study consider industry as a dummy variable that takes the value 1 if the firm operate in a specific industry sector of firm *i* for time period *t*, otherwise 0.

5.5.2 Measurement of Year

The study will use year as a dummy variable as a series indicator variable controlling time temporal differences of reporting periods for the firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The measurement techniques for the independents and control variables are summarized in Table 5.5.

Table 5.5: Measurement techniques of variables

Dependent Variables	**Measurement**	**Source**
Corporate governance mandatory disclosure	Measured by mandatory disclosure index for each country	Listed company's annual report
Corporate governance voluntary disclosure	Measured by voluntary disclosure index for each country	Listed company's annual report
Independent variables		
Corporate Governance Characteristics		
Board Independence	Percentage of independent directors on the board	Listed company annual report
Board size	Number of directors on the board	Listed company annual report
Big4 Auditor	Dummy variable that takes the value 1 if the firm is audited by a big four auditor, otherwise 0.	(Kusumawati 2006)
Audit Committee	Dummy variable that takes the value 1 if the firm has an audit committee, otherwise 0	Listed company annual report
CEO duality	Dummy variable that takes the value 1 if the CEO is also the chairman of the board, otherwise 0	Listed company annual report
Firm Characteristics		
Ownership concentration	Proportion of ordinary shares held by top five shareholders to total number of shares issued	(Ho 2008)
ROA	Net profit after tax divided by total assets of firm	(Singhvi and Desai 1971)
Firm size	Natural log of total asset	(Camfferman and Cooke 2002)
Leverage	Total debt divided by total assets of firm	(Lesmana 2006)
Firm age	Number of years in operation as a listed firm	Listed company annual report
Country Characteristics		
GDP per capita	Real Gross Domestic Product Cap divided by total population	(The Organisation of Economic Co-Operation and Development 1999)
Equity market	Stock market capitalization ratio divided by Gross Domestic Product	International financial statistics, (World Bank 2000)World Bank Statistical Yearbook
IFRS adoption	Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010, otherwise 0	Listed company annual reports
Corruption perception index	Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country	(TransparencyInternational 2005)
Investor protection	Anti-directors rights indicator, which is formed by adding 1 when: (1) the country allows shareholders to mail their proxy vote; (2) shareholders are not required to deposit	(La porta 1998)

	their shares prior to the general shareholders' meeting; (3) cumulative voting or proportional representations of minorities on the board of directors is allowed; (4) an oppressed minorities mechanism is in place; (5) shareholders have the pre-emptive rights that can only be waived by a shareholders meeting; and (6) the minimum percentage share capital that entitles a shareholder to call for an extraordinary shareholders' meeting is less than or equal to 10%. This index is varying from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights	
Gini Coefficient	Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality	(Uni-Wider World Income Inequality 2008)
Control Variables		
Industry	Dummy variable that takes the value 1 if the firm operate in the specific industry sector, otherwise 0	(Deumes and Knechel 2008)
Year	Series indicator variables controlling time temporal differences of reporting periods for firm-year observations scored 1 if financial data correspond to year, 0 otherwise	Listed company annual report

5.6 Statistical Tests and Multiple Regression Models

Regression analysis is the key statistical method used to answer the study's hypotheses. Multiple regression is the most appropriate method for this research since the major aim is to identify the influential factors on the extent of corporate disclosure controlling for the collinearity among these variables. This study develops two main regression models: one for assessing the hypothesized relationship between mandatory levels of corporate governance disclosure and a number of predictor variables and second; assessing the hypothesized relationship between voluntary levels of corporate governance disclosure and the same predictor variables.

The main focus of the study is to examine whether corporate governance characteristics, firm characteristics and country characteristics influence the level of mandatory and voluntary disclosure in Bangladesh, Malaysia and Australia. The regression model testing the hypothesized relationship between mandatory levels of corporate governance disclosure and a number of predictor variables is specified in equation 1 below:

$$\boldsymbol{MDI_{it}}=\beta o+\beta_1 BoD\_Ind_{it}+\beta_2 BoD\_Size_{it}+\beta_3 Big4Audit_{it}+\beta_4 Audit\_Committee_{it}+\beta_5 Ceo\_Duality_{it}+\beta_6 Top\_5\_ShareH_{it}+\beta_7 ROA_{it}+\beta_8 LN\_TA_{it}+\beta_9 Leverage_{it}+\beta_{10} F\_Age_{it}+\beta_{11} GDP\_Cap_{it}+\beta_{12} Equity\_Mkt_{it}+\beta_{13} IFRS\_Adopt_{it}+\beta_{14} Corruption_{it}+\beta_{15} Investor\_Protection_{it}+\beta_{16} Gini\_coefficient_{it}+\beta_{17} Industry\_Dummy_{it}+\beta_{18} Year\_Dummy_{it}+\varepsilon_{it} \quad [1]$$

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.
ε_{it}	=Error term.

Equation 1 will be run three times (one for each country) to examine the association between the corporate governance characteristics, firm characteristics and country characteristics attributes along with all control variables. The regression model testing the hypothesized relationship between voluntary levels of corporate governance disclosure and a number of predictor variables, is specified in equation 2 below:

$$\boldsymbol{VDI_{it}} = \beta o + \beta_1 BoD\_Ind_{it} + \beta_2 BoD\_Size_{it} + \beta_3 Big4Audit_{it} + \beta_4 Audit\_Committee_{it} + \beta_5 Ceo\_Duality_{it} + \beta_6 Top\_5\_ShareH_{it} + \beta_7 ROA_{it} + \beta_8 LN\_TA_{it} + \beta_9 Leverage_{it} + \beta_{10} F\_Age_{it} + \beta_{11} GDP\_Cap_{it} + \beta_{12} Equity\_Mkt_{it} + \beta_{13} IFRS\_Adopt_{it} + \beta_{14} Corruptin_{it} + \beta_{15} Investor\_Protection_{it} + \beta_{16} Gini\_coefficient_{it} + \beta_{17} Industry\_Dummy_{it} + \beta_{18} Year\_Dummy_{it} + \varepsilon_{it} \quad [2]$$

Where:

VDI_{it}	=Measured by voluntary disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the periods of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.
ε_{it}	=Error term.

Equation 2 will similarly be run three times (one for each country) to examine the association between the corporate governance characteristics, firm characteristics and country characteristics attributes along with all control variables.

5.7 Summary of the Chapter

The research method adopted for the purpose of answering hypotheses is discussed in this chapter. Specifically this chapter commenced with the selection of sample and source of documentation. It also included a detailed description of the measurement of the dependent, independent, and control variables and concluded with specifying the regression models for testing the hypotheses. Chapter Six will analyse, report and discuss the descriptive statistics of the sample

CHAPTER SIX
DESCRIPTIVE STATISTICS

6.1 Overview of the Chapter

The past five chapters detailed the research questions of the study, development of institutional background, discussed the literature, developed hypotheses and provided the research methodology used to test the hypotheses of the study. A justification of the sample selected was provided, source documentation identified and time period discussed. Subsequently, measures for the dependent and independent variables used in the study were outlined and regression models specified.

Chapter Six reports the descriptive statistics from the pool of 600 firm-year observations adopted for the study. This chapter is organized as follows: Section 6.2 presents the descriptive statistics for the sampled firms from Bangladesh, Malaysia and Australia; Section, 6.3 outlines the correlations among the variables for each of the three countries. Finally a summary is provided at the end of the chapter.

6.2 Sample Descriptive Statistics - Bangladesh, Malaysia and Australia

This section presents an initial analysis of descriptive statistics for Bangladesh, Malaysia and Australia for the period of 2006-2010 covering a sample of 200 firm-years each**.** The reporting of the descriptive statistics in this chapter is organized within tables; in this respect three tables are created for each country covering a total of 50 listed firms and 200 observations for each country for the period of 2006-2010.

6.2.1 Descriptive Statistics - Bangladesh

Table 6.1 shows the descriptive statistics for all of the variables used for analysis for Bangladesh. For the purposes of the study, the dependent variables (i.e., corporate governance disclosure indices) are examined using two primary indices: a corporate governance mandatory disclosure index and a corporate governance voluntary disclosure index. Table 6.1 reports that mandatory information disclosure (MDI_{it}) by listed firms has a mean (median) of 54% (55%) and a standard deviation of 7% with minimum and maximum levels of 45% and 64% respectively. Table 6.1 also reports that voluntary information disclosure (VDI_{it}) by listed firms have a mean (median) of 63% (62%) and a standard deviation of 5% with a minimum 55% and a maximum of 74% respectively. Results show that no company within the final usable sample in Bangladesh fully complies with either mandatory or voluntary disclosure requirements and surprisingly the mean for MDI_{it} is considerably lower than the mean for VDI_{it}, with a low dispersion (standard deviation of 7% compared to 5%). This suggests that in spite of reforms, regulation and competition in the corporate sector in Bangladesh, listed firms maintain lower standards of information disclosure relative to Australia and Malaysia.

Table 6.1: Descriptive Statistics-Bangladesh (n = 200)

Variables	**Mean**	**Median**	**Std. Dev.**	**Minimum**	**Maximum**
MDI_{it}	0.54	0.55	0.07	0.45	0.64
VDI_{it}	0.63	0.62	0.05	0.55	0.74
BoD_Ind_{it}	17.49	16.67	5.79	8.33	36.36
B_Size_{it}	7.31	7.00	2.08	5.00	13.00
$Audit\_Committe_{it}$	0.88	1.00	0.33	0.00	1.00
$Ceo\_Duality_{it}$	0.85	1.00	0.36	0.00	1.00
$Top\_5\_ShareH_{it}$	0.38	0.39	0.05	0.23	0.48
ROA_{it}	0.05	0.03	0.05	0.00	0.24
LN_TA_{it}	22.59	22.03	2.53	16.65	28.11
$Leverage_{it}$	0.73	0.76	0.22	0.11	1.39
F_Age_{it}	16.82	18.00	8.52	1.00	34.00
GDP_Cap_{it}	1696.50	1600.00	314.22	1400.00	2300.00
$Equity\_Mkt_{it}$	9.52	8.40	3.32	5.80	15.60
$IFRS\_Adopts_{it}$	0.60	1.00	0.49	0.00	1.00
$Corruption_{it}$	2.18	2.10	0.18	2.00	2.40
$Investor\_Protection_{it}$	3.02	3.00	0.33	2.00	4.00
$Gini\_coefficient_{it}$	33.07	33.20	0.47	32.12	33.40

MDI_{it}= Measured by mandatory disclosure index for each country of firm *i* for time period *t*; VDI_{it}= Measured by voluntary disclosure index for each country of firm *i* for time period *t*; BoD_Ind_{it}= Percentage of independent directors on the board of firm *i* for time period *t*; BoD_Size_{it}= Number of directors on the board of firm *i* for time period *t*; $Audit\_Committee_{it}$= Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0; $Ceo\_ Duality_{it}$ = Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0; $Top\_5\_ShareH_{it}$= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*; ROA_{it}= Net profit after tax divided by total assets of firm *i* for time period *t*; LN_TA_{it}= Natural log of total asset of firm *i* for time period *t*; $Leverage_{it}$=Total debt divided by total assets of firm *i* for time period *t*; F_Age_{it}= Number of years in operation as a listed firm of firm *i* for time period *t*; GDP_Cap_{it}= Real Gross Domestic Product Cap divided by total population; $Equity\_Mkt_{it}$= Stock market capitalisation ratio divided by Gross Domestic Product; $Corruption_{it}$= Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country; $IFRS\_Adopt_{it}$= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0; $Investor\_Protection_{it}$= Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*; $Gini\_Coefficient_{it}$= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In terms of corporate governance descriptive statistics, Table 6.1 reports that, on average, only 17.49% of the board's members in Bangladesh (BoD_Ind_{it}) were independent directors with a standard deviation of 5.79% and minimum and maximum levels of 8.33% and 36.36%. Board size of firms in Bangladesh (B_Size_{it}) ranged from boards with only five members to boards comprising 13 members with an average of just over seven members. In terms of audit committee existence ($Audit\_Committee_{it}$), 88% of firms formed audit committees indicating a very high level of audit committee existence in the sampled companies in Bangladesh. In terms of role duality ($Ceo\_Duality_{it}$), a very high 85% of firms had CEOs that occupied both CEO and Board Chairperson roles. Not tabulated in Table 6.1 is the fact that none of the firms employed a Big 4 auditor ($Big\ 4\ Audit_{it}$). Although the big 4 auditors do operate in Bangladesh, they do so only with affiliations with local firms. Such affiliated arrangements are not consistent with prior literature and may not represent an appropriate proxy for audit quality and are therefore excluded from our analysis.

In terms of firm characteristics, Table 6.1 reveals that on average, 38% of firms shareholding were controlled by the five shareholders suggesting that among the largest Bangladeshi firms, concentrated share ownership is prevalent. This provides greater incentives of the company's owners to monitor and control managerial actions. Table 6.1 also shows the descriptive statistics for the profitability metric in the study; return on assets (ROA_{it}). Descriptive statistics for ROA_{it} has a mean of 5% indicating that return on assets for Bangladesh firms trails return on equity. One possible reason for this may be that some industries are asset intensive i.e. they need more expensive and high-value plant and equipment to generate income compared to others and as such, this reduces the return on assets. In terms of the natural log of total assets for the Bangladeshi firms in the sample, LN_TA_{it} has a mean (median) of 22.59 (22.03) with minimum and maximum values ranging from 16.65 to 28.11. In terms of leverage, it is noted that $Leverage_{it}$ ranges between 11% and 139%. The sample companies in Bangladesh record a relatively high level of borrowings with a mean of 73%. Company Age (F_Age_{it}), as measured by the listing age of the listed companies, ranges from one year to 34 years with a most firms having an average period of existence of almost 17 years. In terms of country characteristics descriptive statistics, Table 6.1 reports that the GDP rate (GDP_Cap_{it}) in Bangladesh ranges from $1400 to $2300 for the entire observation window. The values increase steadily from 2006-2010 confirming the recognition that Bangladesh is an emerging economy. Table 6.1 also shows that 60% of firms in the sample companies adopted *IFRS*. The study also used the Gini-coefficient of inequality to measure of income inequality ($Gini\text{-}coefficient_{it}$). Table 6.1 documents that the coefficient ranges from 32.12% to 33.40% indicating income inequality in Bangladesh.

6.2.2 Descriptive Statistics - Malaysia

Table 6.2 shows the descriptive statistics for all of the variables used for analysis for Malaysia. Table 6.2 reports that mandatory information disclosure (MDI_{it}) by listed firms has a mean (median) of 83% (82%) and a standard deviation of 9% with minimum and maximum levels of 64% and 100% respectively. Table 6.2 also reports that voluntary information disclosure (VDI_{it}) by listed firms have a mean (median) of 89% (90%) and a standard deviation of 5% with a minimum 81% and a maximum of 98% respectively. Results show that companies within the final usable sample in Malaysia largely comply with mandatory disclosure requirements however the mean for MDI_{it} is lower than the mean for VDI_{it} with a low dispersion (standard deviation of 9% compared to 5%). As such, results suggest that, although Malaysian firms in the sample maintain higher standards of information and corporate governance disclosure, compliance with voluntary disclosure is greater.

Table 6.2: Descriptive Statistics-Malaysia (n = 200)

Variables	Mean	Median	Std. Dev.	Minimum	Maximum
MDI_{it}	0.83	0.82	0.09	0.64	1.00
VDI_{it}	0.89	0.90	0.05	0.81	0.98
BoD_Ind_{it}	62.90	45.75	8.86	24.20	100.00
B_Size_{it}	9.00	9.00	1.86	5.00	14.00
$Big4Audit_{it}$	0.68	1.00	0.47	0.00	1.00
$Audit\_Committe_{it}$	1.00		0.00	100	1.00
$Ceo\_Duality_{it}$	0.20	0.00	0.40	0.00	1.00
$Top\_5\_ShareH_{it}$	0.62	0.64	0.16	0.12	0.92
ROA_{it}	0.05	0.04	0.04	0.00	0.27
LN_TA_{it}	22.35	22.02	2.29	18.02	29.10
$Leverage_{it}$	0.61	0.60	0.31	0.01	1.88
F_Age_{it}	28.30	28.00	14.22	1.00	60.00
GDP_Cap_{it}	14220.00	14500.00	800.50	12900.00	15200.00
$Equity\_Mkt_{it}$	137.38	144.70	32.15	81.00	168.30
$IFRS\_Adopts_{it}$	0.80	1.00	0.40	0.00	1.00
$Corruption_{it}$	4.82	5.00	0.31	4.40	5.10
$Investor\_Protection_{it}$	3.87	4.00	0.34	3.00	4.00
$Gini\_coefficient_{it}$	46.08	46.05	0.08	46.00	46.21

MDI_{it}= Measured by mandatory disclosure index for each country of firm *i* for time period *t*; VDI_{it}= Measured by voluntary disclosure index for each country of firm *i* for time period *t*; BoD_Ind_{it}= Percentage of independent directors on the board of firm *i* for time period *t*; BoD_Size_{it}= Number of directors on the board of firm *i* for time period *t*; $Big4Audit_{it}$= Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0; $Audit\_Committee_{it}$= Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0; $Ceo\_\ Duality_{it}$ = Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0; $Top\_5\_ShareH_{it}$= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*; ROA_{it}= Net profit after tax divided by total assets of firm *i* for time period *t*; LN_TA_{it}= Natural log of total asset of firm *i* for time period *t*; $Leverage_{it}$=Total debt divided by total assets of firm *i* for time period *t*; F_Age_{it}= Number of years in operation as a listed firm of firm *i* for time period *t*; GDP_Cap_{it}= Real Gross Domestic Product Cap divided by total population; $Equity\_Mkt_{it}$= Stock market capitalization ratio divided by Gross Domestic Product; $Corruption_{it}$= Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country; $IFRS\_Adopt_{it}$= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0; $Investor\_Protection_{it}$= Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*; $Gini\_Coefficient_{it}$= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In terms of corporate governance descriptive statistics, Table 6.2 reports that, on average, 62.9% of boards in Malaysia (BoD_Ind_{it}) were comprised of more independent directors than non-independent directors with a standard deviation of 8.86% and minimum and maximum levels of 24.20% and 100% suggesting the likelihood of effective oversight by board members. The board size of firms in Malaysia (B_Size_{it}) ranged from 5 members to boards comprising 14 members with an average of 9 members. In terms of audit committee existence ($Audit\_Committee_{it}$), 100% of Malaysian firms formed audit committees. In terms of role duality ($Ceo\_Duality_{it}$), 20% of firms had CEOs that occupied both CEO and Board Chairperson roles. Table 6.1 also reports that 68% of the firms employed a Big 4 auditor ($Big\ 4\ Audit_{it}$).

In terms of firm characteristics, Table 6.2 suggests that 92% of one firm's shares were owned by five shareholders ($Top\_5\_ShareH_{it}$). However, on average, the top five shareholders held 62% with a standard deviation of 16% suggesting that, among the largest Malaysian firms, concentrated share ownership is prevalent and greater than the other countries. Table 6.2 reveals that the maximum return on equity a company earned is 88% with a mean of 12% suggesting a high level of return on equity in the sample companies from Malaysia. Descriptive statistics for ROA_{it} is somewhat more subdued with a mean of 5% and a maximum of 27% indicating that return on assets for Malaysia firms trails return on equity. In terms of the natural log of total assets for the Malaysian firms in the sample, LN_TA_{it} has a mean (median) of 22.35 (22.02) with minimum and maximum values ranging from 18.02 to 29.10. In terms of leverage, it is noted that $Leverage_{it}$ ranges between 1% and 188%. The sample companies in Malaysia record a relatively high level of borrowings with a mean of 61%. Company Age (F_Age_{it}), as measured by the listing age of the listed companies, ranges from one year to 60 years with a most firms having an average period of existence of just over 28 years. From Table 6.1, it is noted that one firm had been in operation for 60 years.

In terms of country characteristics descriptive statistics, Table 6.2 reports that the GDP rate (GDP_Cap_{it}) in Malaysia ranges from $12,900 to $15,200 for the entire observation window. This indicates the values increase steadily from 2006-2010 and the values are consistent with the recognition that Malaysia is an establishing economy. Table 6.2 also shows that 80% of firms in the sample companies adopted *IFRS*. The study also used the Gini-coefficient of inequality to measure of income inequality ($Gini\text{-}coefficient_{it}$). Table 6.2 documents that the coefficient ranges from 46.00% to 46.21% indicating relatively high income inequality in Malaysia.

6.2.3 Descriptive Statistics - Australia

Table 6.3 shows the descriptive statistics for all of the variables used for analysis for Australia. Table 6.3 reports that mandatory information disclosure

(MDI_{it}) by listed firms has a mean (median) of 97.73% (100%) and a standard deviation of 4.89% with minimum and maximum levels of 81.82% and 100% respectively. Table 6.3 also reports that voluntary information disclosure (VDI_{it}) by listed firms have a mean (median) of 88% (88%) and a standard deviation of 4% with a minimum 81% (81%) and a maximum of 98% (98%) respectively. Results show that companies within Australia predominantly comply with both mandatory and voluntary disclosure requirements however the mean for MDI_{it} is considerably higher than the mean for VDI_{it} suggesting that as expected, mandatory disclosure is higher. This suggests that as a result of reforms, regulation and competition in the corporate sector in Australia, listed firms maintain very high standards of information disclosure.

Table 6.3: Sample Descriptive Statistics - Australia (n = 200)

Variables	Mean	Median	Std. Dev.	Minimum	Maximum
MDI_{it}	97.73	100.00	4.89	81.82	100.00
VDI_{it}	88.00	88.00	4.00	81.00	98.00
BoD_Ind_{it}	67.63	64.29	15.19	25.00	100.00
B_Size_{it}	8.63	10.00	2.21	5.00	16.00
$Big4Audit_{it}$	1.00		0.00	1.00	1.00
$Audit\_Committe_{it}$	1.00		0.00	100	1.00
$Ceo\_Duality_{it}$	0.00		0.00	0.00	0.00
$Top\_5\_ShareH_{it}$	0.49	0.57	0.15	0.04	0.93
ROA_{it}	0.21	0.09	0.52	-0.12	3.99
LN_TA_{it}	21.73	22.47	1.37	18.44	25.59
$Leverage_{it}$	0.44	0.38	0.25	0.03	1.15
F_Age_{it}	24.28	25.00	22.95	1.00	125
GDP_Cap_{it}	37920.00	38100.00	2658.75	33300.00	41000.00
$Equity\_Mkt_{it}$	125.64	136.50	31.99	64.20	152.70
$IFRS\_Adopts_{it}$	1.00		0.00	1.00	1.00
$Corruption_{it}$	8.68	8.70	0.04	8.60	8.70
$Investor\_Protection_{it}$	4.03	4.00	0.40	3.00	5.00
$Gini\_coefficient_{it}$	32.38	30.50	2.31	30.50	35.20

MDI_{it}= Measured by mandatory disclosure index for each country of firm *i* for time period *t*; VDI_{it}= Measured by voluntary disclosure index for each country of firm *i* for time period *t*; BoD_Ind_{it}= Percentage of independent directors on the board of firm *i* for time period *t*; BoD_Size_{it}= Number of directors on the board of firm *i* for time period *t*; $Big4Audit_{it}$= Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0; $Audit\_Committee_{it}$= Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0; $Ceo\_ Duality_{it}$ = Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0; $Top\_5\_ShareH_{it}$= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*; ROA_{it}= Net profit after tax divided by total assets of firm *i* for time period *t*; LN_TA_{it}= Natural log of total asset of firm *i* for time period *t*; $Leverage_{it}$=Total debt divided by total assets of firm *i* for time period *t*; F_Age_{it}= Number of years in operation as a listed firm of firm *i* for time period *t*; GDP_Cap_{it}= Real Gross Domestic Product Cap divided by total population; $Equity\_Mkt_{it}$= Stock market capitalization ratio divided by Gross Domestic Product; $Corruption_{it}$= Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country; $IFRS\_Adopt_{it}$= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0; $Investor\_Protection_{it}$= Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*; $Gini\_Coefficient_{it}$= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In terms of corporate governance descriptive statistics, Table 6.3 reports that, on average, 67.63% of boards in Australia (BoD_Ind_{it}) were comprised of more independent directors than non-independent directors with a standard deviation of 15.19% and minimum and maximum levels of 25.00% and 100.00% suggesting the likelihood of effective oversight by board members. Board size of firms in Australia (B_Size_{it}) ranged from boards with only 5 members to boards comprising 16 members with an average of almost 9 members. In terms of audit committee existence ($Audit\ Committee_{it}$), 100% of firms formed audit committees indicating a very high level of audit committee existence in the sampled companies in Australia. In terms of role duality ($Ceo\_Duality_{it}$) none of firms had CEOs that occupied both CEO and board chairperson roles. Table 6.3 also reports that all of the firms employed a Big 4 auditor ($Big4Audit_{it}$).

On average, five shareholders controlled 49% of the firm's shareholding suggesting that, even among the largest Australian firms, concentrated share ownership is prevalent. This provides greater incentives of the company's owners to monitor and control managerial actions. Table 6.3 also shows the descriptive statistics for the profitability metric in the study; return on assets (ROA_{it}).

Descriptive statistics in Table 6.3 for ROA_{it} have a mean of 21%. In terms of the natural log of total assets for the Australian firms in the sample, LN_TA_{it} has a mean (median) of 21.73 (22.47) with minimum and maximum values ranging from 18.44 to 25.59. The sample companies in Australian record a relatively low level of borrowings with a mean of 0.44%. Company Age (F_Age_{it}), as measured by the listing age of the listed companies, ranges from one year to 125 years with a most firms having an average period of existence of just over 24 years. In terms of country characteristics, Table 6.3 suggests that the GDP growth rate in Australia increase from $33,300 to $41,000 over the time period. Table 6.3 also shows that 100% of firms in the sample companies adopted IFRS. The study also used the Gini-coefficient of inequality to measure of income inequality ($Gini\text{-}coefficient_{it}$). Table 6.3 documents that the coefficient ranges from 30.50% to 35.20% indicating less income inequality in Australia relative to Malaysia.

6.2.4 Descriptive Statistics – Comparisons between Bangladesh, Malaysia and Australia

Comparisons between the descriptive statistics for Bangladesh, Malaysia an Australia in Tables 6.1, 6.2 and 6.3 highlight a number of interesting observations. In terms of both mandatory and voluntary corporate governance a disclosure, Bangladesh has the lowest levels of disclosures (54% for MDI_{it} and 63% for VDI_{it}) followed by Malaysia (83% for MDI_{it} and 89% for VDI_{it}) with Australia having the highest levels of corporate governance disclosures in the study (97% for MDI_{it} and 88% for VDI_{it}).

Differences in the descriptive statistics for the corporate governance mechanisms between the three countries are also notable. In relation to board independence (BoD_Ind_{it}), Bangladeshi firms only had 17.49% of firms with a majority of independent directors with Malaysia having the most at 92.80% and

Australian having 67.63%. In terms of average board members (*BoD_Size*$_{it}$), Bangladesh firms have an average of 7 members with both Malaysia and Australia having larger boards averaging 9 members. In a similar vein, 88% of firms in Bangladesh firms have an audit committee (*Audit_Committee*$_{it}$) whilst all Malaysian and Australian firms in the sample has an audit committee. Finally, in terms of CEO duality, 85% of firms in Bangladesh have a CEO who is also the board chairperson (*CEO_Duality*$_{it}$) with Malaysia having 20% and Australia having no CEOs who are also the board chairperson.

In terms of firm characteristics and country characteristics, other significant differences are also evident between Bangladeshi, Malaysian and Australian firms. Australian firms are the most heavily leveraged followed by Bangladeshi firms and Malaysian firms suggesting that the strength of an economy is only one of the factors determining the borrowing capacity of firms in a country. The average age of firms in the sample is highest in Malaysia (28 years) followed by Australia (24 years) and Bangladesh (17 years). Finally, the Gross Domestic Product (*GDP_Cap*$_{it}$) for each person in Bangladesh ranges from $1,400.00 to $2,300.00 with Malaysia ranging from $12,900.00 to $15,200.00 and Australia with the highest GDP per person of between $33,300.00 to $41,000.00.

6.3 Pearson Correlation Analysis

Tables 6.4 to 6.6 present a correlation matrix reporting Pearson listwise correlation coefficient for both the continuous and dichotomous variables used in the study for the year 2006-2010 for Bangladesh, Malaysia and Australia.

6.3.1 Pearson Correlation Coefficients - Bangladesh

Table 6.4 present a correlation matrix Pearson listwise correlation coefficients for both the continuous and dichotomous variables used in the study for

Bangladesh. A review of the correlation coefficients in table 6.4 highlights a number of observations. First, in no instances are both dependent variables, i.e., MDI_{it} and VDI_{it} significantly correlated with one another, suggesting that both MDI_{it} and VDI_{it} are separate constructs of corporate governance disclosures. In terms of individual correlations, mandatory disclosures are positively associated with the existence of an audit committee ($Audit\ Committee_{it}$) and firm leverage ($Leverage_{it}$) but negatively associated with CEO duality ($CEO\_Duality_{it}$), shareholder concentration ($Top\_5\_ShareH_{it}$) and the length of time that the firm has been in existence (F_Age_{it}). On the other hand, voluntary disclosures are positively associated with board size (B_Size_{it}), and IFRS adoption by firms ($IFRS\_Adopt_{it}$) but negatively associated with the existence of an audit committee ($Audit\ Committee_{it}$) and firm leverage ($Leverage_{it}$).

Table: 6.4 Pearson Correlation Coefficients-Bangladesh (n= 200)

Variables†	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]
MDI$_{it}$ *[1]*	1																
VDI$_{it}$ *[2]*	-0.13	1															
BOD_Ind$_{it}$ *[3]*	-0.01	-0.17^{*}	1														
B_Size$_{it}$ *[4]*	0.06	0.35^{**}	-0.32^{**}	1													
Audit_committe $_{it}$ *[5]*	0.17^{*}	-0.35^{**}	0.30^{**}	-0.18^{**}	1												
CEO_duality$_{it}$ *[6]*	-0.14^{*}	-0.16	-0.02	-0.23^{**}	-0.16^{*}	1											
Top_5_ShareH$_{it}$ *[7]*	-0.17^{*}	0.05	-0.10	0.14	-0.05	-0.09	1										
ROA$_{it}$ *[8]*	-0.11	0.25	-0.16^{*}	0.00	-0.27^{**}	0.16^{*}	0.01	1									
LN_TA$_{it}$ *[9]*	-0.06	0.10	-0.12	0.21^{**}	0.12	-0.14	0.07	-0.11	1								
Leverage$_{it}$ *[10]*	0.16^{*}	-0.29^{**}	-0.05	-0.17^{*}	0.10	0.37^{**}	0.03	0.02	-0.01	1							
F_Age$_{it}$ *[11]*	-0.18^{*}	-0.04	0.13	0.05	0.34^{**}	-0.06	-0.18^{*}	-0.09	-0.11	-0.13	1						
GDP_Cap$_{it}$ *[12]*	0.00	-0.11	0.00	-0.02	0.00	0.00	0.00	-0.03	-0.05	-0.06	-0.07	1					
Equity_Mkt$_{it}$ *[13]*	0.00	0.00	0.02	0.04	0.00	0.00	0.06	0.03	0.05	0.00	0.12	-0.30^{**}	1				
IFRS_Adopt$_{it}$ *[14]*	-0.08	0.54^{**}	-0.27^{**}	0.45^{**}	-0.31^{**}	-0.20^{**}	0.06	0.05	0.08	-0.17^{*}	-0.18^{**}	0.01	0.00	1			
Corruption$_{it}$ *[15]*	0.00	0.00	0.05	0.10	0.00	0.00	-0.03	0.06	0.06	0.03	0.15^{*}	-0.15^{*}	0.55^{**}	0.00	1		
Investor_Protection$_{it}$ *[16]*	0.03	-0.27	-0.05	-0.06	0.07	0.03	0.04	0.04	0.12	0.10	0.02	-0.06	0.00	0.02	-0.10	1	
Gini_Coeffecient$_{it}$ *[17]*	0.01	-0.41	-0.02	-0.06	0.01	0.01	-0.07	0.00	-0.05	0.01	-0.09	-0.17^{*}	-0.82^{**}	-0.02	-0.64^{**}	0.06	1

**, * = Significant 1%, and 5% (two-tailed) respectively; † = Numbers in the top row of the table correspond in sequential order with the variables listed in the left column of the table (i.e., [1] – MDIit etc.); MDIit= Measured by mandatory disclosure index for each country of firm i for time period t; VDIit= Measured by voluntary disclosure index for each country of firm i for time period t; BoD_Indit= Percentage of independent directors on the board of firm i for time period t; B_Sizeit= Number of directors on the board of firm i for time period t; Audit_Committeeit= Dummy variable that takes the value 1 if the firm has an audit committee of firm i for time period t, otherwise 0; Ceo_ Dualityit = Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm i for time period t, otherwise 0; Top_5_ShareHit= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm i for time period t; ROAit= Net profit after tax divided by total assets of firm i for time period t; LN_TAit= Natural log of total asset of firm i for time period t; Leverageit=Total debt divided by total assets of firm i for time period t; F_Ageit= Number of years in operation as a listed firm of firm i for time period t; GDP_Capit= Real Gross Domestic Product Cap divided by total population; Equity_Mktit= Stock market capitalization ratio divided by Gross Domestic Product; Corruptionit= Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country; IFRS_Adoptit= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm i for the time period t, otherwise 0; Investor_Protectionit= Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm i for time period t; Gini_Coefficientit= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In relation to other variables, Table 6.4 indicates that firms that adopt IFRS are significantly associated with corporate governance characteristics (i.e., BoD_Ind_{it}, B_Size_{it}, $Audit\ Committee_{it}$ and $CEO\_Duality_{it}$) and, to a lesser extent, firm features (*Leverageit* and F_Age_{it}). Additionally, firms will borrowings ($Leverage_{it}$) significantly associated with B_Size_{it} and $CEO\_Duality_{it}$. A review of Table 6.4 also suggests that none of the correlations among the variables are above the critical multicollinearity limit of 0.8 (Hair et al. 1995). As such, at this stage therefore, based on Table 6.4 correlations, multivariate analysis can be undertaken.

6.3.2 Pearson Correlation Coefficients - Malaysia

Table 6.5 present a correlation matrix Pearson listwise correlation coefficients for both the continuous and dichotomous variables used in the study for Malaysia. A review of the correlation coefficients in table 6.5 highlights a number of observations. First, in no instances are both dependent variables, i.e., MDI_{it} and VDI_{it} significantly correlated with one another, suggesting that both MDI_{it} and VDI_{it} are separate constructs of corporate governance disclosures. In terms of individual correlations, mandatory disclosures are positively associated with board independence (BoD_Ind_{it}) but negatively associated with board size (B_Size_{it}) and IFRS adoption by firms ($IFRS\_Adop_{it}$). On the other hand, voluntary disclosures are positively associated with a Big 4 auditor ($\mathrm{Big4Audit}_{it}$), shareholder concentration ($Top\_5\_ShareH_{it}$), return on assets (ROA_{it}) and log of total assets (LN_TA_{it}).

Table: 6.5 Pearson Correlation Coefficients-Malaysia (n= 200)

VariablesŦ	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]
MDI$_{it}$ *[1]*	1																
VDIi$_{t}$ *[2]*	-0.05	1															
BOD_Ind$_{it}$ *[3]*	0.37**	-0.32**	1														
B_Size$_{it}$ *[4]*	-0.31**	-0.26**	-0.17*	1													
Big4$_{it}$ *[5]*	-0.04	0.20**	-0.11	0.21**	1												
CEO_duality$_{it}$ *[6]*	0.07	0.12	0.06	-0.03	-0.32**	1											
Top_5_ShareH$_{it}$ *[7]*	-0.03	0.31**	-0.15*	-0.21**	0.10	-0.12	1										
ROA$_{it}$ *[8]*	-0.07	0.38**	-0.17*	-0.23**	0.06	0.17*	0.26**	1									
LN_TA$_{it}$ *[9]*	-0.11	0.15*	-0.16*	0.06	0.33**	-0.24**	0.15*	-0.03	1								
Leverage$_{it}$ *[10]*	-0.00	0.29	-0.03	0.09	-0.10	0.25**	0.05	-0.01	0.03	1							
F_age$_{it}$ *[11]*	0.05	-0.12	0.11	0.20**	-0.11	-0.07	0.09	-0.27**	-0.17*	-0.08	1						
GDP_Cap$_{it}$ *[12]*	0.00	0.10	0.00	0.03	0.00	0.00	0.03	0.09	0.04	0.01	0.05	1					
Equity_Mkt$_{it}$ *[13]*	0.00	0.02	0.00	-0.02	0.00	0.00	-0.02	-0.02	-0.02	0.10	0.00	-0.30**	1				
IFRS_Adopt$_{it}$ *[14]*	-0.26**	0.05	-0.24**	0.01	0.32**	-0.06	0.12	0.19**	-0.03	-0.01	-0.06	0.00	0.00	1			
Corruption$_{it}$ *[15]*	0.00	0.01	0.00	-0.10	0.00	0.00	-0.05	-0.07	-0.07	-0.03	-0.08	0.04	-0.30**	0.00	1		
Investor_Protection$_{it}$ *[16]*	0.04	-0.05	0.06	0.03	-0.02	0.05	-0.06	0.04	0.08	0.10	-0.01	0.10	-0.04	-0.01	-0.05	1	
Gini_Coeffecient$_{it}$ *[17]*	0.04	-0.15	0.91**	-0.31**	-0.04	0.07	-0.03	-0.07	-0.11	-0.00	0.05	0.00	0.00	-0.26**	0.00	0.04	1

**, * = Significant 1%, and 5% (two-tailed) respectively; Ŧ = Numbers in the top row of the table correspond in sequential order with the variables listed in the left column of the table (i.e., [1] – *MDI*$_{it}$ etc.); *MDI*$_{it}$= Measured by mandatory disclosure index for each country of firm *i* for time period *t*; *VDI*$_{it}$= Measured by voluntary disclosure index for each country of firm *i* for time period *t*; *BoD_Ind*$_{it}$= Percentage of independent directors on the board of firm *i* for time period *t*; *B_Size*$_{it}$= Number of directors on the board of firm *i* for time period *t*; *Audit_Committee*$_{it}$= Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0; *Ceo_ Duality*$_{it}$ = Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0; *Top_5_ShareH*$_{it}$= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*; *ROA*$_{it}$= Net profit after tax divided by total assets of firm *i* for time period *t*; *LN_TA*$_{it}$= Natural log of total asset of firm *i* for time period *t*; *Leverage*$_{it}$=Total debt divided by total assets of firm *i* for time period *t*; *F_Age*$_{it}$= Number of years in operation as a listed firm of firm *i* for time period *t* *GDP_Cap* $_{it}$= Real Gross Domestic Product Cap divided by total population; *Equity_Mkt*$_{it}$= Stock market capitalization ratio divided by Gross Domestic Product; *Corruption*$_{it}$= Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country; *IFRS_Adopt*$_{it}$= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0; *Investor_Protection*$_{it}$= Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*; *Gini_Coefficient*$_{it}$= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In relation to other variables, Table 6.5 indicates that return on assets (*ROA_{it}*) are positively associated with voluntary corporate governance disclosures (*VDI_{it}*), CEO duality (*$CEO\_Duality_{it}$*) and shareholder concentration (*$Top\_5\_ShareH_{it}$*) but negatively associated with board independence (*BoD_Ind_{it}*) and board size (*B_Size_{it}*). A review of Table 6.5 also suggests that none of the correlations among the variables are above the critical multicollinearity limit of 0.8 (Hair et al. 1995). As such, at this stage therefore, based on Table 6.4 correlations, multivariate analysis can be undertaken.

6.3.3 Pearson Correlation Coefficients - Australia

Table 6.6 present a correlation matrix Pearson listwise correlation coefficients for both the continuous and dichotomous variables used in the study for Australia. A review of the correlation coefficients in table 6.6 highlights a number of observations.[17] First, in no instances are both dependent variables, i.e., *MDI_{it}* and *VDI_{it}* significantly correlated with one another, suggesting that both *MDI_{it}* and *VDI_{it}* are separate constructs of corporate governance disclosures. In terms of individual correlations, mandatory disclosures are positively associated with leverage (*$Leverage_{it}$*). On the other hand, voluntary disclosures are positively associated with leverage (*$Leverage_{it}$*).

[17] Given that all Australian firms in the sample employed a Big 4 auditor, established an audit committee and did not have a CEO who was also the Chairperson of the board, the values for these three variables (i.e., *$Big4_it$, $Audit\_Committee_{it}$* and *$Ceo\_Duality_{it}$)* are constant and therefore excluded from analysis.

Table: 6.6 Pearson Correlation Coefficients-Australia (n= 200)

Variables[†]	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
MDI_{it} [1]	1													
VDI_{it} [2]	0.06	1												
BOD_Ind_{it} [3]	0.03	0.10	1											
B_Size_{it} [4]	-0.03	-0.10	-0.16*	1										
$Top\_5\_ShareH_{it}$ [5]	0.04	0.25	-0.26**	0.28**	1									
ROA_{it} [6]	0.11	-0.13	-0.09	0.50**	0.11	1								
LN_TA_{it} [7]	0.13	0.11	0.05	0.62**	0.30**	0.50**	1							
$Leverage_{it}$ [8]	0.18*	0.28**	0.14*	-0.15*	-0.11	0.05	0.05	1						
F_Age_{it} [9]	0.11	-0.05	0.02	0.41**	0.06	0.50**	0.44**	-0.09	1					
GDP_Cap_{it} [10]	0.00	0.01	0.04	0.00	0.16*	-0.01	0.08	-0.04	0.06	1				
$Equity\_Mkt_{it}$ [11]	0.00	0.02	0.07	0.03	0.03	-0.03	-0.02	0.05	-0.01	-0.23**	1			
$Corruption_{it}$ [12]	0.00	0.10	-0.04	-0.03	0.03	-0.03	0.00	-0.11	0.02	0.12	-0.42**	1		
$Investor\_Protection_{it}$ [13]	0.08	0.01	-0.01	0.04	-0.01	0.14	0.06	-0.03	0.09	-0.04	0.03	0.10	1	
$Gini\_Coeffecient_{it}$ [14]	0.00	0.20	0.01	0.00	-0.08	0.06	0.01	0.07	-0.01	-0.04	-0.45**	-0.54**	-0.09	1

**, * = Significant 1%, and 5% (two-tailed) respectively; † = Numbers in the top row of the table correspond in sequential order with the variables listed in the left column of the table (i.e., [1] – *MDI_{it}* etc.); *MDI_{it}*= Measured by mandatory disclosure index for each country of firm *i* for time period *t*; *VDI_{it}*= Measured by voluntary disclosure index for each country of firm *i* for time period *t*; *BoD_Ind_{it}*= Percentage of independent directors on the board of firm i for time period t; *BoD_Size_{it}*= Number of directors on the board of firm i for time period t; *$Audit\_Committee_{it}$*= Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0; *$Top\_5\_ShareH_{it}$*= Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*; *ROA_{it}*= Net profit after tax divided by total assets of firm *i* for time period *t*; *LN_TA_{it}*= Natural log of total asset of firm *i* for time period *t*; *$Leverage_{it}$*=Total debt divided by total assets of firm *i* for time period *t*; *F_Age_{it}*= Number of years in operation as a listed firm of firm *i* for time period *t*; *GDP_Cap_{it}*= Real Gross Domestic Product Cap divided by total population; *$Equity\_Mkt_{it}$*= Stock market capitalization ratio divided by Gross Domestic Product; *$Corruption_{it}$*= Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country; *$IFRS\_Adopt_{it}$*= Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0; *$Investor\_Protection_{it}$*= Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*; *$Gini\_Coefficient_{it}$*= Gini index of income inequality expressed as a percentage where 0 indicates perfect equality and 100 indicates perfect inequality.

In relation to other variables, Table 6.6 indicates that log of total assets (LN_TA_{it}) is positively associated with board size (B_Size_{it}), shareholder concentration ($Top\_5\_ShareH_{it}$) and return on assets (ROA_{it}). Firm age (F_Age_{it}) is positively associated with board size (B_Size_{it}), return on assets (*ROAit*) and log of total assets (LN_TA_{it}). A review of Table 6.7 also suggests that none of the correlations among the variables are above the critical multicollinearity limit of 0.8 (Hair et al. 1995). As such, at this stage therefore, based on Table 6.6 correlations, multivariate analysis can be undertaken.

6.3.4 Correlations – Comparisons between Bangladesh, Malaysia and Australia

Comparisons between the correlations for Bangladesh, Malaysia an Australia in Tables 6.4, 6.5 and 6.6 highlight a number of observations. In all correlation matrices in Tables 6.4 to 6.6, both mandatory and voluntary corporate governance disclosures (i.e., MDI_{it} and VDI_{it}) are not significantly correlated to one another suggesting that a separate examination of these two constructs is justified. Additionally, MDI_{it} is positively associated for both Bangladeshi and Australian firms with the extent of borrowings by firms ($Leverage_{it}$).

6.4 Summary of the Chapter

This chapter provided the disaggregated descriptive statistics for each country. Consequently, a comparison is provided between the descriptive statistics for Bangladesh, Malaysia and Australia. Subsequently, correlation coefficients are also reported upon for each of the three countries before a comparison is made between countries.

Chapter Seven will provide the results of the regressions run to determine the main predictors of both mandatory and voluntary corporate governance disclosures in the three countries. Additionally, the results of a One-Way ANOVA test are also provided to determine if there are significant differences in the independent variables between Bangladesh, Malaysia and Australia.

CHAPTER SEVEN
MULTIVARIATE ANALYSIS – MULTIPLE REGRESSIONS

7.1 Overview of the Chapter

Chapter Six reported the descriptive statistics for the data examined in the study. Pearson correlation analysis along within comparisons between the three countries in the sample was also provided.

This chapter reports and discusses the main empirical results of the study. This chapter is organized as follows: Section 7.2 presents details of the regression models utilized followed by Sections 7.3 and 7.4 which report the regression results of both mandatory and voluntary corporate governance disclosure in terms of the regression models utilized. Section 7.5 reports the results from the one-way ANOVA tests followed by Section 7.6 which summarizes the supporting/non-supporting of the study's hypotheses. Finally, a summary is provided at Section 7.7.

7.2 Model Specification

The study uses Ordinary Least Squares (OLS) statistical regression models for the purpose of examining the association between levels of mandatory and voluntary corporate governance disclosures and corporate governance, firm and country characteristics of Bangladesh, Malaysia and Australian firms. The overall regression models are specified into two equations (resulting in a total of six regression results reported) which are used to analyse the testable hypotheses.

7.3 Multiple Regression Analysis

This section will discuss the multivariate results arising from examining the association between corporate governance mandatory disclosure and the corporate governance, firm and country characteristics related variables for listed firms in Bangladesh, Malaysia and Australia. Results of multivariate analysis and the association between dependent, independent and voluntary disclosure are presented and discussed in the subsequent subsection.

7.3.1 Mandatory Corporate Governance Disclosure

Table 7.1 presents the results of multiple regressions using corporate governance, firm and country characteristics and all remaining control variables as predictors in analysing the variation of mandatory corporate governance disclosure (MDI_{it}).

Table 7.1: Ordinary Least Squares regression of Governance, Firm and Country Characteristics on Mandatory Corporate Governance Disclosure.

	Bangladesh		*Malaysia*		*Australia*	
Variables	*Beta*	*P-value*	*Beta*	*P-value*	*Beta*	*P-value*
Corporate Governance Characteristics						
Intercept	0.70	0.49	9.31	0.28	64.87	0.67
BoD_Ind_{it}	0.00	0.58	0.00	0.00***	0.03	0.46
BoD_Size_{it}	0.00	0.31	-0.02	0.00***	-0.10	0.61
$Big4Audit_{it}$			0.03	0.00***		
$Audit\_Committe_{it}$	0.03	0.03**				
$Ceo\ Duality_{it}$	-0.01	0.11	0.03	0.05**		
Firm Characteristics						
$Top\_5\_ShareH_{it}$	-0.35	0.00***	0.03	0.02**	-11.52	0.00***
ROA_{it}	-0.14	0.09*	-0.03	0.67	1.48	0.06*
LN_TA_{it}	0.00	0.02**	0.00	0.33	0.96	0.03**
$Leverage_{it}$	0.06	0.00***	0.00	0.83	1.67	0.04**
F_Age_{it}	0.00	0.00***	0.00	0.85	0.03	0.06*
Country Characteristics						
GDP_Cap_{it}	0.00	0.94	0.00	0.36	0.00	0.23
$Equity\_Mkt_{it}$	0.00	0.83	0.00	0.49	0.02	0.72
$IFRS\_Adopt_{it}$	-0.02	0.55	-0.02	0.47		
$Corruption_{it}$	0.02	0.82	-0.04	0.26	0.77	0.84
$Investor\_Protection_{it}$	0.02	0.02**	0.00	0.73	0.15	0.48
$Gini\_coefficient_{it}$	0.00	0.96	-0.21	0.31	-0.21	0.32
Industry						
Cement	-0.02	0.53				
Engineering	0.00	0.06*				
Food & Allied	0.05	0.51				
Fuel & Power	0.07	0.28				
Jute	0.05	0.09*				
Textile	0.02	0.84				
Miscellaneous	0.08	0.08*				
Tannery Industry	0.04	0.64				
Pharmaceutical & Chemical	0.03	0.74				

IT Sector	0.08	0.00***			5.96	0.05**
Communication			0.02	0.04**		
Consumer Discretionary			0.04	0.00***	7.47	0.00***
Industrial			-0.02	0.48	4.18	0.17
Materials			0.03	0.44	-2.84	0.30
Consumer Staples			0.03	0.08	0.83	0.78
Utilities			0.04	0.03	5.64	0.07*
Energy			0.02	0.56	7.78	0.00***
Health Care			-0.04	0.03**	7.68	0.00***
Year	Included		Included		Included	
Adjusted R^2	0.38		0.42		0.58	
F statistic (sig.)	5.53		6.25		6.93	
Observations	200		200		200	

*****, **, *, = 1%, 5% and 10% significance with one-tailed significance level where direction of sign on coefficient predicted, otherwise two-tailed.**

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.
ε_{it}	=Error term.

The result of the regression analysis is reported in Table 7.1. The regression results are grouped into Columns 1 to 3 reporting results for Bangladesh in Column 1, Malaysia in Column 2 and Australia in Column 3. For each country, the regression model is run in which all corporate governance characteristics, firm characteristics and country characteristics along with remaining industry and year variables.

A review of Table 7.1 Column 1 suggests that on average, in terms of corporate governance characteristics, Bangladeshi firms with higher levels of mandatory corporate governance disclosure (MDI_{it}) are likely to have an audit committee ($Audit\_Commitee_{it}$) in place. They are also, in terms of firm characteristics, likely to be larger (LN_TA_{it}), with higher borrowings ($Leverage_{it}$) and have been in operations longer (*F_Age*). However, these same firms also had less concentrated shareholdings ($Top\_5\_ShareH_{it}$) and lower return on assets (ROA_{it}). In relation to country characteristics, these firms also tended to have high levels of shareholder rights ($Investor\_Protection_{it}$). Finally, Bangladeshi firms with higher mandatory corporate governance disclosure scores (MDI_{it}) were most prevalent in the engineering, shoes (*Jute*) and information technology industries. A review of Table 7.1 Column 1 shows that the model specified has an adjusted R^2 of 38% suggesting that the variables in the model account for up to 38% of the variation in mandatory levels of corporate governance disclosure.

A review of Table 7.1 Column 2 suggests that on average, in terms of corporate governance characteristics, Malaysian firms with mandatory corporate governance disclosure (MDI_{it}) employed a Big 4 auditor ($Big4Audit_{it}$) and had independent boards (BoD_Ind_{it}) but increased CEO duality ($Ceo\ Duality_{it}$) although these boards tended to be small (BoD_Size_{it}).[18] On the other hand, in terms of firm

[18] Since all the firms in Malaysia formed audit committee and the *Audit_Committee* variable is therefore constant, there is no result for the variable.

characteristics, Malaysian firms with MDI_{it} had broader shareholdings ($Top\_5\_ShareH_{it}$). In relation to country characteristics, none of the variables were significantly associated with Malaysian firms with mandatory corporate governance disclosure (MDI_{it}). Finally, Malaysian firms with higher mandatory corporate governance disclosure scores (MDI_{it}) were in the communication and consumer discretionary industries although less in the health care industry. A review of Table 7.1 Column 2 shows that the model specified has an adjusted R^2 of 42% suggesting that the variables in the model account for up to 42% of the variation in mandatory levels of corporate governance disclosure.

A review of Table 7.1 Column 3 suggests that on average, in terms of corporate governance characteristics, none of the variables used in the model were significant predictors.[19] On the other hand, in terms of firm characteristics, Australian firms with MDI_{it} have higher return on assets (ROA_{it}), are generally large (LN_TA_{it}), with high borrowings ($Leverage_{it}$) and have been in operations longer (F_Age_{it}). However, these same firms also had narrow shareholdings ($Top\_5\_ShareH_{it}$). In relation to country characteristics, none of the variables were significantly associated with Australian firms with mandatory corporate governance disclosure (MDI_{it}). Finally, Australian firms with higher mandatory corporate governance disclosure scores (MDI_{it}) were in the information technology, consumer discretionary, utilities, energy and health care industries. A review of Table 7.1 Column 3 shows that the model specified has an adjusted R^2 of 58% suggesting that the variables in the model account for up to 58% of the variation in mandatory levels of corporate governance disclosure.[20]

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19 Given that all firms in Australia employed a Big 4 auditor (*Big_4*), formed audit committees (*Audit_Committee*) and had no instances of a CEO being also the chairperson of the board (*CEO_Duality*), the values for all these variables is constant and there is no result for these variables.

20 As a result of the multivariate analysis undertaken in Table 7.1, we also sought to determine whether our model suffered from any multicollinearity concerns. In this respect, we generated Variance Inflation Factors (VIFs) from the regression

In terms of comparing the results between Bangladesh, Malaysia and Australia, Table 7.1 Columns 1 to 3 shows that high levels of mandatory corporate governance disclosures by firms in Bangladesh and Australia were primarily associated with firm characteristics such as shareholder concentration, return on assets, large firms, high borrowings and firm age. Alternatively, Malaysian firms disclosures, were significantly associated with corporate governance characteristics such as board independence, size and Big 4 auditors.

7.4 Multiple Regression Analysis

This section will discuss the multivariate results arising from examining the association between corporate governance voluntary disclosure and all the corporate governance, firm and country characteristics related variables (i.e., all the variables) for listed firms in Bangladesh, Malaysia and Australia. Results of multivariate analysis and the association between dependent, independent and predictor variables are presented and discussed in the subsequent subsection.

7.4.1 Voluntary Corporate Governance Disclosure

Table 7.2 presents the results of multiple regressions using corporate governance, firm and country characteristics and all remaining control variables as predictors in analysing the variation of voluntary corporate governance disclosure (VDI_{it}).

results undertaken for each country and reviewed them for any relationships that exceeded 0.8 (Hair et al. 1995). None of the regression results in Table 7.1 Columns 1 to 3 reported any correlations exceeding 0.8 suggesting therefore that our multivariate results do not suffer from any multicollinearity concerns.

Table 7.2: Ordinary Least Squares regression of Governance, Firm and Country Characteristics on Voluntary Corporate Governance Disclosure.

	Bangladesh		*Malaysia*		*Australia*	
Variables	*Beta*	*P-value*	*Beta*	*P-value*	*Beta*	*P-value*
Corporate Governance Characteristics						
Intercept	1.14	0.22	10.15	0.27	0.76	0.62
BoD_Ind_{it}	0.00	0.42	0.00	0.00***	0.00	0.39
BoD_Size_{it}	0.00	0.04**	-0.02	0.00***	0.00	0.42
$Big4Audit_{it}$			0.03	0.00***		
$Audit\_Committe_{it}$	-0.02	0.03**				
Ceo $Duality_{it}$	0.03	0.03**	0.01	0.03**		
Firm Characteristics						
$Top\_5\_ShareH_{it}$	0.11	0.09*	0.06	0.00***	-0.02	0.52
ROA_{it}	-0.08	0.09*	-0.04	0.63	-0.02	0.17
LN_TA_{it}	0.00	0.03**	0.00	0.24	0.02	0.07*
$Leverage_{it}$	-0.05	0.00***	0.00	0.57	0.00	0.76
F_Age_{it}	0.00	0.18	0.00	0.62	0.00	0.06*
Country Characteristics						
GDP_Cap_{it}	0.00	0.33	0.00	0.42	0.00	0.78
$Equity\_Mkt_{it}$	0.00	0.43	0.00	0.56	-0.00	0.88
$IFRS\_Adopt_{it}$	0.03	0.00***	-0.02	0.52		
$Corruption_{it}$	0.00	0.89	-0.04	0.31	-0.02	0.94
$Investor\_Protection_{it}$	-0.02	0.27	0.00	0.83	0.02	0.24
$Gini\_coefficient_{it}$	-0.02	0.44	-0.18	0.32	0.00	0.98
Industry						
Cement	0.03	0.12				
Engineering	0.05	0.31				
Food & Allied	0.04	0.20				
Fuel & Power	0.09	0.04**				
Jute	0.01	0.57				
Textile	0.02	0.71				
Miscellaneous	0.08	0.08*				
Tannery Industry	0.05	0.36				
Pharmaceutical & Chemical	0.04	0.17				
IT Sector	-0.02	0.71			0.04	0.38
Communication			0.04	0.04**		
Consumer Discretionary			0.06	0.00***	-0.03	0.37
Industrial			-0.02	0.58	0.05	0.18
Materials			0.03	0.38	0.02	0.75
Consumer Staples			0.04	0.05**	-0.03	0.48
Utilities			0.03	0.05**	-0.03	0.57
Energy			0.02	0.60	0.03	0.54
Health Care			-0.05	0.04**	0.00	0.97
Year	Included		Included		Included	
Adjusted R^2	0.53		0.58		0.62	
F statistic (sig.)	9.92		11.95		12.73	
Observations	200		200		200	

*****, **, *, = 1%, 5% and 10% significance with one-tailed significance level where direction of sign on coefficient predicted, otherwise two-tailed.**

Where:

VDI_{it}	=Measured by voluntary disclosure index for each country of firm *i* for time period *t.*
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t.*
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t.*
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t,* otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t.*
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t.*
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t.*
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t.*
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t.*
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t,* otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t,* 0 otherwise.
ε_{it}	=Error term.

The result of the regression analysis is reported in Table 7.2. The regression results are grouped into Columns 1 to 3 reporting results for Bangladesh in Column 1, Malaysia in Column 2 and Australia in Column 3. Furthermore, for each country, the regression model is run in which all corporate governance characteristics, firm characteristics and country characteristics along with remaining industry and year variables are regressed against voluntary corporate governance disclosure.

A review of Table 7.2 Column 1 suggests that on average, in terms of corporate governance characteristics, Bangladeshi firms with voluntary corporate governance disclosure (VDI_{it}) have bigger boards (BoD_Size_{it}) in place, more CEOs who were also board chairpersons (*CEO_Duality*$_{it}$) but less audit committees (*Audit_Committee*$_{it}$). On the other hand, in terms of firm characteristics, Bangladeshi firms with *VDI*$_{it}$ have generally broader shareholdings (*Top_5_ShareH*$_{it}$) and are large in size. However, these same firms also had lower return on assets (*ROA*$_{it}$) and lesser borrowings (*Leverage*$_{it}$). In relation to country characteristics, these firms also tended to have adopted the IFRS reporting framework (*IFRS_Adopt*$_{it}$). Finally, Bangladeshi firms with higher voluntary corporate governance disclosure scores (*VDI*$_{it}$) were in the fuel & power and miscellaneous industries. A review of Table 7.2 Column 2 shows that the model specified has an adjusted R^2 of 53% suggesting that the variables in the model account for up to 53% of the variation in voluntary levels of corporate governance disclosure.

A review of Table 7.2 Column 2 suggests that on average, in terms of corporate governance characteristics, Malaysian firms with voluntary corporate governance disclosure (*VDI*$_{it}$) employed a Big 4 auditor (*Big4Audit*$_{it}$), had CEOs that were also board Chairpersons (*Ceo Duality*$_{it}$) and had independent boards (*BoD_Ind*$_{it}$) although these boards tended to be small (*BoD_Size*$_{it}$).[21] On the other hand, in terms of firm characteristics, Malaysian firms with *VDI*$_{it}$ had broader shareholdings (*Top_5_ShareH*$_{it}$). In relation to country characteristics, none of the variables were significantly associated with Malaysian firms with voluntary corporate governance disclosure (*VDI*$_{it}$). Finally, Malaysian firms with higher voluntary corporate governance disclosure scores (*VDI*$_{it}$) were in the communication, consumer discretionary, consumer staples, utilities and health care industries and less in the industrial industry. A review of Table 7.2 Column 2 shows that the model specified has an adjusted R^2 of 58% suggesting that the variables in the model

[21] Since all the firms in Malaysia formed audit committee and the *Audit_Committee*$_{it}$ variable is therefore constant, there is no result for the variable.

account for up to 58% of the variation in voluntary levels of corporate governance disclosure.

A review of Table 7.2 Column 3 suggests that on average, in terms of corporate governance characteristics, none of the variables used in the model were significant predictors.[22] On the other hand, in terms of firm characteristics, Australian firms with VDI_{it} are generally large (LN_TA_{it}) and have been in operations longer (F_Age_{it}). In relation to country characteristics, none of the variables are significantly associated with Australian firms with voluntary corporate governance disclosure (VDI_{it}). Finally, none of the industries are significantly associated with Australian firms who reported higher levels of voluntary corporate governance disclosure scores (VDI_{it}). A review of Table 7.2 Column 3 shows that the model specified has an adjusted R^2 of 62% suggesting that the variables in the model account for up to 62% of the variation in voluntary levels of corporate governance disclosure.[23]

In terms of comparing the results between Bangladesh, Malaysia and Australia, Table 7.2 Columns 1 to 3 shows that high levels of voluntary corporate governance disclosures by firms in Bangladesh and Malaysia were primarily associated with corporate governance characteristics such as board size and CEO duality. These same firms were also, in terms of firm characteristics, significantly associated with shareholder concentration. Australian firms who disclosed higher levels of voluntary corporate governance disclosures (VDI_{it}), on the other hand,

[22] Given that all firms in Australia employed a Big 4 auditor (*Big_4*), formed audit committees (*Audit_Committee*) and had no instances of a CEO being also the chairperson of the board (*CEO_Duality*), the values for all these variables is constant and there is no result for these variables.

[23] As a result of the multivariate analysis undertaken in Table 7.2, we also sought to determine whether our model suffered from any multicollinearity concerns. In this respect, we generated Variance Inflation Factors (VIFs) from the regression results undertaken for each country and reviewed them for any relationships that exceeded 0.8 (Hair et al. 1995). None of the regression results in Table 7.2 Columns 1 to 3 reported any correlations exceeding 0.8 suggesting therefore that our multivariate results do not suffer from any multicollinearity concerns.

tended to be large firms who had been in operation longer.[24] Results therefore indicate that, from an agency theory perspective, the insider-outsider dilemma that has traditionally plagued all large firms and that can give rise to substantial agency costs (such as additional monitoring) are not predominately influencing the results. One interpretation of this is that, until an economy reaches a certain stage of maturity in terms of macro-economic development, micro factors such as agency costs do not tend to play a significant role in determining corporate governance disclosures.

7.5 One Way ANOVA Tests

As an additional test separate from the preceding multiple regressions, this section presents univariate results comparing the changes in means of the variables used in the study. One-way ANOVA tests are ordinarily completed to determine whether or not the means of at least two groups are equal. In the case of the study, the intention is to determine whether the variables from one country are statistically different to the variables from the other two countries, i.e., whether the means of variables examined are significantly different between Bangladeshi, Malaysian and Australian firms. Table 7.3 presents the results of one-way ANOVA.

[24] The time period (i.e. 2006–2010) of this study transcends the Global Financial Crisis (GFC) that swept the world. Although Australia was largely unaffected by the GFC, to control for the effects of the GFC on the nominated drivers of mandatory and voluntary corporate governance disclosure in Bangladesh, Malaysia and Australia, another robustness test was performed where it is investigated whether firms (in each country) in the pre-GFC period had different corporate governance disclosure determinants than in the post-GFC period. The data are therefore partitioned between pre-GFC (2006–2007) and post-GFC (2008–2010) periods and regressions rerun. Regressions are also rerun using GFC as an indicator variable that equals 1 for fiscal years 2008–2010 and 0 for fiscal years 2006–2007. Results remain significantly similar to the main results reported in Tables 7.1 and 7.2 suggesting that the GFC did not change the drivers of mandatory and voluntary corporate governance disclosure in Bangladesh, Malaysia and Australia.

Table 7.3: One-way ANOVA Results

Variables	*F statistic*	*p-value*	Bangladesh *Lower bound CI*	Bangladesh *Upper bound CI*	Malaysia *Lower bound CI*	Malaysia *Upper bound CI*	Australia *Lower bound CI*	Australia *Upper bound CI*
MDI_{it}	694.25	0.00***	0.53	0.55	0.81	0.84	97.94	99.10
VDI_{it}	171.52	0.00***	0.62	0.64	0.89	0.90	0.87	0.88
BoD_Size_{it}	37.35	0.00***	8.74	9.26	8.32	8.93	8.14	8.49
BoD_Ind_{it}	214.04	0.00***	16.68	18.29	91.19	94.42	65.51	69.75
$Big4Audit_{it}$	708.12	0.00***	0.00	0.00	0.61	0.74	1.00	1.00
$Audit\_Committee_{it}$	28.43	0.00***	0.83	0.92	1.00	1.00	1.00	1.00
$Ceo\_Duality_{it}$	410.11	0.00***	0.80	0.90	0.14	0.26	0.00	0.00
$Top\_5\_ShareH_{it}$	160.59	0.00***	0.37	0.39	0.59	0.64	0.47	0.52
ROA_{it}	18.66	0.23	0.04	0.06	0.04	0.06	0.14	0.28
LN_TA_{it}	8.76	0.13	22.24	22.94	22.04	22.67	21.54	21.92
$Leverage_{it}$	294.44	0.00***	0.70	0.76	0.57	0.66	2.16	2.53
F_Age_{it}	25.40	0.27	15.63	18.01	26.32	30.28	21.08	27.47
GDP_Cap_{it}	60.96	0.77	52.69	40.31	34.38	31.62	49.27	90.73
$Equity\_Mkt_{it}$	449.60	0.00***	9.06	9.98	32.90	41.86	21.18	30.10
IFRS_Adopt	33.55	0.00***	0.53	0.67	0.74	0.86	1.00	1.00
$Corruption_{it}$	533.08	0.00***	2.15	2.21	4.78	4.86	8.67	8.69
$Investor\_Protectioni_{t}$	454.65	0.00***	2.97	3.07	3.82	3.91	3.97	4.09
$Gini\_coefficient_{it}$	35.80	0.16	33.01	33.14	46.07	46.09	32.06	32.70

***, **, *, = 1%, 5% and 10% significance. CI = Confidence interval.

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t.*
VDI_{it}	=Measured by voluntary disclosure index for each country of firm *i* for time period *t.*
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t.*
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t.*
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t.*
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t.*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t.*
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t.*
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t.*
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t.*
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.

Table 7.3 reports the results of a one-way ANOVA test to determine if there are any significant differences in the variables predicting both voluntary and mandatory corporate governance disclosures between Bangladesh, Malaysia and Australia.

An initial review of Table 7.3 reveals significant differences between all three countries differ in the extent of both their voluntary (VDI_{it}) and mandatory (MDI_{it}) disclosures. In terms of the predictor of variables of interest in the study, Bangladesh, Malaysia and Australia all have significantly different governance characteristics specifically both BoD_Size_{it} and BoD_Ind_{it} variables. In relation to $Big4Audit_{it}$, $Audit\_Committee_{it}$ and $Ceo\_Duality_{it}$, it is noteworthy to mention that none of the audit firms in Bangladesh were Big Four auditors whereas all the audit firms in the final sample for Australian were Big Four auditors; all sampled firms in Malaysia and Australia utilised audit committees; and none of the CEOs in the Australian sampled firms were also Chairpersons for the board of directors. Consistent with significantly different governance characteristics, Table 7.3 also reports significantly different country characteristics.

A review of Table 7.3 suggests that a number of variables do not differ significantly between the three countries. Such a determination is made principally by checking whether the confidence internals overlap between the variables and the countries within which the overlap occurs. For example, differences between Bangladesh and Malaysia are least pronounced in terms of ROA_{it} and LN_TA_{it} suggesting that firm characteristics do not differ significantly between these countries. In terms of insignificant differences between Bangladesh and Australia, these seem to be restricted to country characteristic variables (i.e., GDP_Cap_{it} and

$Gini\_Coefficient_{it}$). An absence of difference in variables between Malaysia and Australia appear to be restricted only to F_Age_{it}.

7.6 Supporting/Non-supporting of Hypotheses

Table 7.4 summarizes each testable hypotheses formulated and examined in the study and the respective supporting/non-supporting of these hypotheses.

Table 7.4: Supporting/Non-supporting of All Hypotheses

Hypotheses	Description	Overall Support/Not-support	Support/Not-support Bangladesh	Support/Not-support Malaysia	Support/Not-support Australia
H1a	Corporate governance characteristics of firms influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Not supported	Not supported	Supported	Not supported
H1b	Corporate governance characteristics of firms influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Supported	Supported	Supported	Not supported
H2a	Firm characteristics influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Supported	Supported	Not supported	Supported
H2b	Firm characteristics influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Not supported	Supported	Not supported	Not supported
H3a	Country characteristics influence the extent of mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Not supported	Not supported	Not supported	Not supported
H3b	Country characteristics influence the extent of voluntary disclosure by publicly listed firms in Bangladesh, Malaysia and Australia	Not supported	Not supported	Not supported	Not supported

The main empirical results of the study have been documented in Table 7.1 and Table 7.2 of Chapter Seven. Specifically, Table 7.1 reports the regression results examining the impact of all corporate governance characteristics (i.e., BoD_Ind_{it}, BoD_Size_{it}, $Big4Audit_{it}$, $Audit\ \_Committee_{it}$ and $CEO\_Duality_{it}$), firm characteristics (i.e., $Top\_5\_ShareH_{it}$, ROA_{it}, LN_TA_{it}, $Leverage_{it}$ and F_Age_{it}), country characteristics (i.e., Cul_{it}, GDP_Cap_{it}, $Equity\_Mkt_{it}$, $Corruption_{it}$, $IFRS\_Adopt_{it}$, $Investor\_Protection_{it}$ and $Gini\_Coefficient_{it}$), industry and year dummies and the extent to mandatory corporate governance disclosures. Table 7.2, on the other hand, reports the regression results of similar predictor variables but against the extent of voluntary corporate governance disclosures.

It was hypothesized in H1a that corporate governance characteristics of firms influence the extent of mandatory corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.1 reveals that only the corporate governance characteristics of Malaysian firms were significantly associated with the extent of mandatory corporate governance disclosure. Specifically, Malaysian firms with independent boards of sufficient size and which employed a Big 4 auditor were significantly associated with the extent of mandatory corporate governance disclosure compared to firms in Bangladesh and Australia. Given that the significant results occur only for Malaysia and not for Bangladesh and Australia, H1a is therefore rejected.

H1b hypothesized that corporate governance characteristics of firms influence the extent of voluntary corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.2 reveals that three of the five corporate governance characteristics of Bangladeshi firms were significantly associated with the extent of voluntary corporate governance disclosure. Specifically, Bangladeshi firms with audit committees, sufficient-sized boards and CEO duality were significantly associated with the extent of voluntary corporate governance disclosure. Additionally, a review of Table 7.2 also reveals that four of the five corporate governance characteristics of Malaysian firms were significantly associated with the extent of voluntary corporate governance disclosure. Specifically, Malaysian firms with independent boards of a sufficient size who employed a Big 4 auditor and with CEO duality were significantly associated with the extent of voluntary corporate governance disclosure. In the case of Australia, apart from constant values for Big 4 auditors, audit committees and CEO duality, none of the corporate governance variables were significantly associated with the extent of voluntary corporate governance disclosure. Given that the significant results occur for both Bangladesh and Malaysia (i.e., two out of three countries) and not Australia, H1b is therefore accepted.

It was hypothesized in H2a that firm characteristics of firms influence the extent of mandatory corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.1 reveals that five of the six firm characteristics of Bangladeshi firms were significantly associated with the extent of mandatory corporate governance disclosure. Specifically, Bangladeshi firms with shareholder concentration, return on assets, firm size, borrowings and years in operation were significantly associated with the extent of mandatory corporate governance disclosure. Additionally, a review of Table 7.1 also reveals that all of the firm characteristics of Australian firms were significantly associated with the extent of mandatory corporate governance disclosure. Specifically, Australian firms with shareholder concentration, return on equity, return on assets, firm size, borrowings and years in operation were significantly associated with the extent of mandatory corporate governance disclosure. In the case of Malaysia, only two of the six firm characteristics were significant. Given that the significant results occur for both Bangladesh and Australia (i.e., two out of three countries) and not Malaysia, H2a is therefore accepted.

It was hypothesized in H2b that firm characteristics influence the extent of voluntary corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.2 reveals that only the firm characteristics of Bangladeshi firms were significantly associated with the extent of voluntary corporate governance disclosure. Specifically, Bangladeshi firms with shareholder concentration, return on equity, return on assets, firm size and borrowings were significantly associated with the extent of voluntary corporate governance disclosure. For both Malaysian and Australian firms, only two of the six firm characteristics were significantly associated with the extent of voluntary corporate governance disclosure. Given that the significant results occur only for Bangladesh and not for Malaysia and Australia, H2b is therefore rejected.

H3a hypothesized that country characteristic of firms influence the extent of mandatory corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.1 reveals that, apart from constant values for some of the variables, only one country characteristic (i.e., $\text{Investor\_Protection}_{it}$) of the four country characteristics for Bangladeshi firms was significantly associated with the extent of mandatory corporate governance disclosure. Apart from constant values also for Malaysian and Australian firms, none of the country characteristics for these two countries were significantly associated with the extent of mandatory corporate governance disclosure. H3a is therefore rejected.

H3b hypothesized that country characteristic of firms influence the extent of voluntary corporate governance disclosure by publicly listed firms in Bangladesh, Malaysia and Australia. A review of Table 7.2 reveals that, apart from constant values for some of the variables, only one country characteristic (i.e., IFRS adoption) of the four country characteristics for Bangladeshi firms was significantly associated with the extent of voluntary corporate governance disclosure. Apart from constant values also for Malaysian and Australian firms, none of the country characteristics for these two countries were significantly associated with the extent of voluntary corporate governance disclosure. H3b is therefore rejected.

Although not formally hypothesized, a review of Table 7.1 indicates that, for Bangladeshi firms, four of the ten industries were significantly associated with the extent of mandatory corporate governance disclosures. In the case of Malaysian firms, three of the nine industries were significantly associated with the extent of mandatory corporate governance disclosures and finally, in terms of Australian firms, five of the nine industries were significantly associated with the extent of mandatory corporate governance disclosures. Clearly, regardless of country, the industry that a firm is operating in plays a significant role in the extent of mandatory corporate governance disclosures. In terms of voluntary corporate governance disclosures, results in Table 7.2 show that only two of the ten industries within Bangladesh were significantly associated with the extent of voluntary corporate governance disclosures. In the case of Malaysian firms however, all nine industries were significantly associated with the extent of voluntary corporate governance disclosures and finally, in terms of Australian firms, none of the nine industries were significantly associated with the extent of voluntary corporate governance disclosures.

In terms of answering the research questions formulated in Chapter One of the study, the testable hypotheses H1a and H1b, H2a and H2b and H3a and H3b were developed and answered for research questions 2 to 4.

Formal hypotheses were not developed for research question 1 which was more explorative in nature. However, univariate analysis reported in Tables 6.1 to 6.3 provide some evidence. Key results from Table Tables 6.1 to 6.3 are reproduced in Table 7.5 below.

Table 7.5: Relative Extent of Corporate Governance Disclosures

Country	MDI_{it}	VDI_{it}
Bangladesh	0.54	0.63
Malaysia	0.83	0.89
Australia	0.97	0.88

A review of Table 7.5 highlights a number of observations. In terms of mandatory corporate governance disclosures (MDI_{it}), Bangladeshi firms in total achieved a moderate score of 54% in terms of disclosing mandatory items in their annual reports with Malaysian and Australian firms achieving high levels of mandatory disclosure scores of 83% and 97% respectively. A review of the levels of voluntary corporate governance disclosures (VDI_{it}) also indicates a similar trend. Bangladeshi firms in total achieved a moderate score of 63% in terms of disclosing voluntary items in their annual reports with Malaysian and Australian firms achieving high levels of mandatory disclosure scores of 89% and 88% respectively.

Table 7.5 clearly shows that firms in Bangladesh lag behind Malaysia and Australia in terms of both mandatory and voluntary corporate governance disclosures with Malaysian firms, in turn, lagging behind Australia in the area of mandatory corporate governance disclosure. One possible reason for this is the economies and the institutional frameworks between these three countries which differ substantially. Given that Bangladesh is an emerging economy, it is reasonable to expect levels of overall disclosures to be lower compared to other developing (for e.g., Malaysia) and developed economies (e.g., Australia).

7.7 Summary of the Chapter

This chapter reported the main empirical results of the study. Regression models are run to determine their impact on both mandatory and voluntary corporate governance disclosure of firms in Bangladesh, Malaysia and Australia. Subsequently, results from one-way ANOVA tests were reported to account for the lack of intra-firm differences for four variables. Finally, the acceptance/rejection of the study's hypotheses was provided.

Chapter Eight will outline the results of the robustness tests and sensitivity analysis of the study. Specifically, the full sample of the study will be partitioned by the variables found in Chapter Seven to have significant explanatory power in explaining the variation of either mandatory or voluntary corporate governance disclosure.

CHAPTER EIGHT
ADDITIONAL ANALYSIS

8.1 Overview of the Chapter

Chapter Seven reported the main empirical results of the study. Both key characteristics and full model characteristics were examined to determine their impact on both mandatory and voluntary corporate governance disclosure of firms in Bangladesh, Malaysia and Australia. Finally, the supporting/non-supporting of the study's hypotheses was provided.

Chapter Eight documents the additional analysis undertaken. Initially, the sample is partitioned to determine if there were any traits within the variables most significant from Chapter Seven in explaining the variation in mandatory corporate governance disclosure. In this respect, partitioning by board independence, board size, firm size, firm leverage and firm age was done. Subsequently, the sample is re-partitioned to determine if there were any traits within the variables most significant from Chapter Seven in explaining the variation in voluntary corporate governance disclosure.

8.2 Mandatory Corporate Governance Disclosure Sample

For mandatory corporate governance disclosure (MDI_{it}), the following additional analysis was undertaken: partitioning by board independence, board size, firm size, firm leverage and firm age.

8.2.1 Partitioned by Board Independence

Table 8.1 reports the regression results partitioned by board independence for Malaysian firms with the main multivariate results from Chapter Seven. Partitioning by board independence is undertaken to determine if the main results are influenced by the extent of board independence within the sampled firms. Specifically, Table

8.1 examines whether high or low board independence (based on a 50% independence split point) is driving the main results.

Table 8.1: Multiple Regressions - Mandatory Corporate Governance Disclosure Partitioning by Board Independence (*BoD_Ind_{it}*)

	Malaysia			
	High Board Independence		Low Board Independence	
Variables	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	1.65	0.31	9.45	0.23
BoD_Ind_{it}	0.00	0.00	0.01	0.00
BoD_Size_{it}	-0.01	0.00	-0.01	0.00
$Audit\_Committe_{it}$	0.01	0.12	0.04	0.00
$Ceo\_ Duality_{it}$	0.02	0.38	0.05	0.01
$Top\_5\_ShareH_{it}$	0.00	0.95	0.11	0.00
ROA_{it}	0.45	0.00	-0.06	0.47
LN_TA_{it}	0.00	0.83	0.00	0.30
$Leverage_{it}$	0.00	0.95	0.04	0.00
F_Age_{it}	0.00	0.63	-7.93	0.77
GDP_Cap_{it}	-1.32	0.70	1.03	0.69
$IFRS\_Adopt_{it}$	0.03	0.15	0.02	0.10
$Investor\_Protection_{it}$	0.00	0.88	0.00	0.56
$Gini\_coefficient_{it}$	-0.03	0.43	-0.21	0.23
Communication	0.06	0.00	-0.01	0.38
Consumer Discretionary	0.07	0.01	0.00	
Industrial	-0.01	0.35	-0.02	0.11
Materials	0.04	0.10	-0.02	0.28
Consumer Staples			0.04	0.00
Utilities	0.03	0.11		
Energy			-0.01	0.61
Health Care	-0.02	0.49		
Year	Included		Included	
Adjusted R^2	0.61		0.68	
F statistic (sig.)	17.90		32.61	
Observations	90		110	

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.

F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results in Table 8.1 provide additional support for the main results of the study. Results from Table 8.1 Columns 1 and 2 show that boards with both high and low levels of independence are significant predictors of mandatory corporate governance disclosures in Malaysia (*p* value of 0.00 for both). Furthermore, the coefficients in both Table 8.1 Columns 1 and 3 are both positive indicating that, independent boards firms in Malaysia, regardless of their level of independence, are associated with higher levels of mandatory corporate governance disclosures. The high adjusted R^2 of 61% and 68% indicate that the regression model fits the data well with the majority of the variation in mandatory corporate governance disclosures levels explained by the variables used in Table 8.1.

8.2.2 Partitioned by Board Size

Table 8.2 reports the regression results partitioned by board size for Malaysian firms with the main multivariate results from Chapter Seven re-run. Partitioning by board size is undertaken to determine if the main results are influenced by the size of boards (i.e., number of members) within the sampled Malaysian firms. Specifically, Table 8.2 examines whether large or small boards (based on the median of members as a split point) are driving the main results.

Table 8.2: Multiple Regressions - Mandatory Corporate Governance Disclosure Partitioning by Board Size (*BoD_Size_{it}*)

	Malaysia			
	Large Board Size		Small Board Size	
Variables	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	15.25	0.13	-0.31	0.83
BoD_Ind_{it}	0.00	0.00	0.01	0.00
BoD_Size_{it}	-0.01	0.02	-0.01	0.03
$Audit\_Committe_{it}$				
$Big4Audit_{it}$	0.05	0.00	0.03	0.00
$Ceo\_\ Duality_{it}$	0.03	0.03	0.00	0.86
$Top\_5\_ShareH_{it}$	0.05	0.02	0.03	0.11
ROA_{it}	-0.07	0.62	-0.05	0.63
LN_TA_{it}	0.00	0.21	-0.01	0.01
$Leverage_{it}$	0.02	0.04	-0.05	0.00
F_Age_{it}	0.00	0.04	0.00	0.52
GDP_Cap_{it}	2.10	0.53	1.03	0.75
IFRS_Adopt	0.00	0.91	-0.01	0.16
$Investor\_Protection_{it}$	0.01	0.11	0.00	0.90
$Gini\_coefficient_{it}$	-0.32	0.14	0.02	0.62
Communication	-0.11	0.00	0.01	0.49
Consumer Discretionary			0.00	0.92
Industrial	-0.09	0.00	-0.05	0.00
Materials	-0.02	0.24	-0.07	0.01
Consumer Staples	-0.07	0.00	-0.02	0.32
Utilities			0.01	0.70
Energy	-0.16	0.00	-0.02	0.27
Health Care			-0.05	0.04
Year	Included		Included	
Adjusted R^2	0.62		0.67	
F statistic (sig.)	33.54		36.35	
Observations	178		122	

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.

IFRS_Adopt$_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
Investor_Protection$_{it}$	=Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t.*
Gini_Coefficient$_{it}$	=Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality.
Industry_Dummy$_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
Year_Dummy$_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results in Table 8.2 provide additional support for the main results of the study. Results from Table 8.2 Columns 1 and 2 shows that both large and small boards are significant predictors of mandatory corporate governance disclosures in Malaysia (*p* values of 0.02 and 0.03 respectively). Furthermore, the coefficients in both Table 8.2 Columns 1 and 2 are both negative indicating that, boards in Malaysia, regardless of their size, are associated with lower levels of mandatory corporate governance disclosures. The high adjusted R^2 of 62% and 67% indicate that the regression model fits the data well with the majority of the variation in mandatory corporate governance disclosures levels explained by the variables used in Table 8.2.

8.2.3 Partitioned by Firm Size

Table 8.3 reports the regression results partitioned by firm size for both Bangladesh and Australian firms with the main multivariate results from Chapter Seven re-run. Partitioning by firm size is undertaken to determine if the main results are influenced by the size of firms within the sampled Bangladesh and Australian firms. Specifically, Table 8.3 examines whether large or small firms (based on the median total assets as a split point) are driving the main results.

Table 8.3: Multiple Regressions - Mandatory Corporate Governance Disclosure Partitioning by Firm Size (*LN_TA*$_{it}$)

	Bangladesh				Australia			
	Large Firm		Small Firm		Large Firm		Small Firm	
Variables	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	3.05	0.64	-1.42	0.22	-71.12	0.74	100.00	0.87
BoD_Ind$_{it}$	0.00	0.21	0.00	0.58	0.04	0.03	8.72	0.09
BoD_Size	0.01	0.00	0.01	0.12	-0.21	0.46	9.70	0.32
Audit_Committe$_{it}$	0.07	0.00	0.12	0.00				
Big4Audit$_{it}$								
Ceo_ Duality$_{it}$	0.09	0.01	-0.02	0.37				
Top_5_ShareH$_{it}$	-0.34	0.00	-0.30	0.02	-15.57	0.01	-9.97	0.07
ROA$_{it}$	-0.26	0.12	-0.29	0.02	0.61	0.68	2.01	3.72
LN_TA$_{it}$	0.00	0.47	-0.01	0.06	1.57	0.13	-1.72	0.04
Leverage$_{it}$	-0.01	0.74	0.01	0.84	3.49	0.00	-1.59	0.32
F_Age$_{it}$	0.00	0.36	-0.01	0.00	0.03	0.39	1.96	0.33
GDP_Cap$_{it}$	-1.23	0.73	-3.61	0.31	0.00	0.31	2.45	0.72
Equity_MKT$_{it}$					0.02	0.46	2.57	0.36
Corruption$_{it}$					15.72	0.50	9.10	0.57
IFRS_Adopt$_{it}$	-0.02	0.35	0.00	0.76				
Investor_Protection$_{it}$	0.01	0.42	0.01	0.41	-1.44	0.21	6.66	0.27
Gini_coefficient$_{it}$	-0.08	0.68	0.08	0.03	-0.63	0.50	-3.08	0.47
Cement	-0.03	0.19	-0.17	0.00				
Engineering	-0.01	0.88	-0.06	0.00				
Food & Allied	0.01	0.78	-0.01	0.81				
Fuel & Power	0.03	0.53	0.14	0.00				
Jute	0.06	0.09	0.05	0.08				
Information Technology	0.03	0.72	0.01	0.70	9.90	0.04		
Textile	-0.05	0.26	-0.07	0.39				
Miscellaneous	0.10	0.12	0.04	0.13				
Tannery Industry	0.01	0.80	0.01	0.97				
Pharmaceutical & Chemical	0.08	0.20	0.05	0.05				
Communication								
Consumer Discretionary								
Industrial					9.09	0.03	8.97	0.06
Materials					5.21	0.18	3.57	0.35
Consumer Staples					6.92	0.10	8.99	0.17
Utilities					10.55	0.03	9.46	0.06
Energy					15.88	0.00	17.87	0.01
Health Care					14.89	0.00	15.92	0.03
Year	Included		Included		Included		Included	
Adjusted R^2	0.60		0.55		0.58		0.62	
F statistic (sig.)	5.75		6.37		5.17		5.98	
Observations	185		115		99		101	

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the periods of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results in Table 8.3 provide some insights into the differing impact that large and small firms have on mandatory corporate governance disclosures in Bangladesh and Australia. The results from Table 8.3 Column 2 show that large Bangladeshi firms are not significantly associated with mandatory corporate governance disclosures (*p* value 0.47). However, Table 8.3 Column 4 reports that small Bangladeshi firms are significantly associated with lower levels of mandatory corporate governance disclosures (*p* value 0.06). Partitioning results therefore indicate that small firms in Bangladesh are driving the main results in Chapter Six (where firm size was a significant variable in mandatory corporate governance disclosures). This result is somewhat unsurprising as smaller firms, often with less resource, are often not able to fully comply with all regulatory requirements, including levels of mandatory corporate governance disclosures. In terms of Australian firms, Table 8.3 Column Six show that large Australian firms are not significantly associated with mandatory corporate governance disclosures (*p* value 0.13). However, Table 8.3 Column 8 reports that small Australian firms are significantly associated with lower levels of mandatory corporate governance disclosures (*p* value 0.04). Partitioning results therefore indicate that small firms in Australia are driving the main results in Chapter Six (where firm size was a significant variable in mandatory corporate governance disclosures).

The high adjusted R^2 of 60% and 55% for Bangladesh and 58% and 62% for Australia indicate that the regression models utilized fit the data well with the majority of the variation in mandatory corporate governance disclosures levels explained by the variables used in Table 8.3.

8.2.4 Partitioned by Firm Leverage

Table 8.4 reports the regression results partitioned by firm leverage for both Bangladesh and Australian firms with the main multivariate results from Chapter Seven re-run. Partitioning by firm leverage is undertaken to determine if the main results are influenced by the borrowings of firms within the sampled Bangladesh and Australian firms. Specifically, Table 8.4 examines whether highly leveraged or non-highly leveraged firms (based on the median leverage as a split point) are driving the main results.

Table 8.4: Multiple Regressions - Mandatory Corporate Governance Disclosure Partitioning by Firm Leverage (*Leverage*$_{it}$)

	Bangladesh				Australia			
	High Risk		Low Risk		High Risk		Low Risk	
Variables	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	1.21	0.47	-0.69	0.69	185.27	0.00	233.65	0.19
BoD_Ind$_{it}$	0.00	0.76	0.00	0.89	0.00	0.85	-0.07	0.05
BoD_Size$_{it}$	0.01	0.12	0.00	0.30	-0.12	0.15	-0.16	0.55
Audit_Committe$_{it}$	0.09	0.01	0.03	0.24				
Big4Audit$_{it}$								
Ceo_ Duality$_{it}$	-0.07	0.00	0.01	0.85				
Top_5_ShareH$_{it}$	-0.22	0.12	-0.53	0.00	0.61	0.50	-12.80	0.01
ROA$_{it}$	-0.26	0.04	-0.17	0.25	1.27	0.00	1.42	0.31
LN_TA$_{it}$	-0.01	0.00	0.00	0.83	1.18	0.00	3.09	0.00
Leverage$_{it}$	-0.14	0.01	0.10	0.05	-0.63	0.03	-7.19	0.00
F_Age$_{it}$	0.00	0.00	0.00	0.00	-0.08	0.01	0.02	0.50
GDP_Cap$_{it}$	-2.04	0.54	-2.01	0.75	-9.28	0.89	0.00	0.22
Equity_MKT$_{it}$			0.01	0.34	0.00	0.92	-0.01	0.49
Corruption$_{it}$					-4.51	0.30	-20.26	0.29
IFRS_Adopt$_{it}$	0.00	0.83	-0.01	0.68				
Investor_Protection$_{it}$	0.01	0.66	-0.01	0.76	-0.55	0.05	2.03	0.04
Gini_coefficient$_{it}$	-0.01	0.90	0.04	0.44	1.81	0.00	-0.04	0.91
Cement	0.00	0.95	0.00	0.99				
Engineering	-0.04	0.04	0.02	0.75				
Food & Allied	-0.06	0.03	0.07	0.24				
Fuel & Power			0.07	0.29				
Jute	-0.01	0.89	0.09	0.21				
Information Technology	0.06	0.03	0.13	0.04	-2.74	0.01		
Textile	-0.05	0.04	0.03	0.62				
Miscellaneous	0.01	0.77	0.13	0.04				
Tannery Industry	-0.02	0.55	-0.01	0.93				
Pharmaceutical & Chemical	-0.03	0.26	0.07	0.28				
Communication								
Consumer Discretionary					-3.17	0.01	5.63	0.01
Industrial								
Materials					-7.18	0.00	-6.07	0.02
Consumer Staples					-2.64	0.01	-7.03	0.01
Utilities					-4.19	0.00		
Energy					-2.69	0.00	5.16	0.03
Health Care					-2.73	0.01	4.46	0.10
Year	Included		Included		Included		Included	
Adjusted R^2	0.48		0.32		0.77		0.75	
F statistic (sig.)	4.26		2.72		27.71		14.99	
Observations	96		104		98		102	

Where:

MDI_{it}	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
$Big4\ Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
$Ceo\_\ Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from ‘0’ to ‘10’, where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from ‘0’ to ‘6’, where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from ‘0’ to ‘1’, where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results in Table 8.4 provide additional support for the main results of the study. The regression results in Table 8.4 provide insights into the impact that highly leveraged and non-highly leveraged firms in Bangladesh and Australia have on mandatory corporate governance disclosures. The results from Table 8.3 Columns 2 and 4 show that both highly leveraged and non-highly leveraged firms in Bangladesh are significant predictors of mandatory corporate governance disclosures (*p* values 0.01 and 0.05 respectively). Furthermore, the coefficient for highly leveraged firms is negative suggesting that Bangladeshi firms with high borrowings tend to engage in less mandatory corporate governance disclosures. However, the coefficient for not highly leveraged firms is positive suggesting that Bangladeshi firms with low borrowings tend to engage in more mandatory corporate governance disclosures. The adjusted R^2 of 48% and 32% for Bangladesh indicate that a great deal of the variation in mandatory corporate governance disclosures levels is explained by the variables used in Table 8.4.

In relation to Australian firms, results from Table 8.3 Columns 6 and 8 show that both highly leveraged and non-highly leveraged firms are significant predictors of mandatory corporate governance disclosures (*p* values 0.03 and 0.00 respectively). Furthermore, the coefficients in both Table 8.4 Columns 5 and 6 are both negative indicating that, firms in Australia, regardless of their level of borrowings, are associated with higher levels of mandatory corporate governance disclosures. The adjusted R^2 of 77% and 75% for Australia indicate that a great deal of the variation in mandatory corporate governance disclosures levels is explained by the variables used in Table 8.4.

8.2.5 Partitioned by Firm Age

Table 8.5 reports the regression results partitioned by firm age for both Bangladesh firms with the main multivariate results from Chapter Seven re-run. Partitioning by firm age is undertaken to determine if the main results are influenced by the duration of operations of firms within the sampled Bangladesh firms. Specifically, Table 8.5 examines whether older or younger leveraged firms (based on the median age as a split point) are driving the main results.

Table 8.5: Multiple Regressions - Mandatory Corporate Governance Disclosure Partitioning by Firm Age (*F_Age*$_{it}$)

	Bangladesh			
	Older		Younger	
Variables	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	-0.54	0.49	1.40	0.01
BoD_Ind$_{it}$	0.00	0.00	0.00	0.35
BoD_Size$_{it}$	0.02	0.00	0.00	0.98
Audit_Committe$_{it}$	0.11	0.03	0.11	0.00
Big4Audit$_{it}$				
Ceo_ Duality$_{it}$	-0.02	0.29	-0.01	0.63
Top_5_ShareH$_{it}$	-0.20	0.01	-0.09	0.48
ROA$_{it}$	-0.04	0.84	-0.50	0.00
LN_TA$_{it}$	0.01	0.01	-0.01	0.02
Leverage$_{it}$	0.10	0.00	0.00	0.89
F_Age$_{it}$	0.00	0.16	-0.01	0.00
GDP_Cap$_{it}$	-4.90	0.89	-1.30	0.70
IFRS_Adopt$_{it}$	-0.01	0.24	0.03	0.07
Investor_Protection$_{it}$	0.01	0.38	0.00	0.76
Gini_coefficient$_{it}$	0.02	0.30	-0.02	0.16
Cement			0.04	0.24
Engineering	-0.08	0.02	-0.01	0.54
Food & Allied	0.01	0.55	-0.03	0.27
Fuel & Power	0.03	0.48		
Jute	0.01	0.87		
Information Technology			0.05	0.10
Textile	-0.03	0.37	-0.02	0.49
Miscellaneous	0.03	0.32	0.06	0.21
Tannery Industry			-0.01	0.91
Pharmaceutical & Chemical	-0.04	0.29	0.13	0.00
Year	Included		Included	
Adjusted R^2	0.60		0.50	
F statistic (sig.)	11.68		5.12	
Observations	95		105	

Where:

MDI$_{it}$	=Measured by mandatory disclosure index for each country of firm *i* for time period *t*.
BoD_Ind$_{it}$	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size$_{it}$	=Number of directors on the board of firm *i* for time period *t*.
Big4 Audit$_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
Audit_Committee$_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
Ceo_ Duality$_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
Top_5_ShareH$_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA$_{it}$	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA$_{it}$	=Natural log of total asset of firm *i* for time period *t*.
Leverage$_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.

F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the periods of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results in Table 8.5 provide additional support for the main results of the study. Results from Table 8.1 Column 2 show that younger firms are significant predictors of mandatory corporate governance disclosures in Bangladesh (*p* value 0.00). Furthermore, the coefficient in Table 8.1 Column 3 is negative indicating that, younger firms in Bangladesh are associated with lower levels of mandatory corporate governance disclosures. This could be due to either seeking competitive advantages or not having the resourcing to be able to fully comply with the mandatory corporate governance disclosure requirements in Bangladesh. The high adjusted R^2 of 60% and 50% indicate that the regression model fits the data well with the majority of the variation in mandatory corporate governance disclosures levels explained by the variables used in Table 8.5.

8.3 Voluntary Corporate Governance Disclosure Sample

Given the main results in Chapter Seven, additional analysis was undertaken to determine if any of the results (for any country where the variable was significant) were driven by specific traits of the variables found to be significant predictors of voluntary corporate governance disclosure. Specifically, for voluntary corporate governance disclosure (VDI_{it}), the following additional analysis was undertaken: partitioning by board size and firm return on equity.

8.3.1 Partitioned by Board Size

Table 8.6 reports the regression results partitioned by board size for both Bangladeshi and Malaysian firms with the main multivariate results from Chapter Seven re-run. Partitioning by board size is undertaken to determine if the main results are influenced by the number of board members within the sampled firms of these two countries. Specifically, Table 8.6 examines whether large or small boards (based on a median split point) are driving the main results.

Table 8.6: Multiple Regressions - Voluntary Corporate Governance Disclosure Partitioning by Board Size (*BoD_Size*$_{it}$)

	Bangladesh				Malaysia			
	Large Board		Small Board		Large Board		Small Board	
Variables	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*	*Beta*	*p-value*
Intercept	1.02	0.00	1.70	0.01	11.16	0.26	0.77	0.61
BoD_Ind$_{it}$	0.00	0.00	-4.51	0.96	0.00	0.00	0.00	0.00
BoD_Size$_{it}$	-0.01	0.00	-0.04	0.00	-0.01	0.06	0.00	0.59
Audit_Committe$_{it}$	-0.05	0.00	0.01	0.78				
Big4Audit$_{it}$								
Ceo_ Duality$_{it}$	-0.01	0.04	0.10	0.00	0.03	0.01	-0.01	0.47
Top_5_ShareH$_{it}$	0.09	0.04	0.11	0.07	0.08	0.00	0.01	0.75
ROA$_{it}$	-0.36	0.00	0.13	0.12	0.07	0.53	0.11	0.34
LN_TA$_{it}$	0.00	0.17	-0.01	0.00	0.00	0.68	-0.08	0.01
Leverage$_{it}$	-0.04	0.00	-0.01	0.78	0.05	0.00	-0.04	0.01
F_Age$_{it}$	0.00	0.73	0.00	0.00	0.00	0.01	0.00	0.57
GDP_Cap$_{it}$	-5.39	0.35	-4.59	0.98	1.17	0.72	-2.31	0.50
Equity_MKT$_{it}$								
Corruption$_{it}$								
IFRS_Adopt$_{it}$	0.09	0.00	0.05	0.00	-0.02	0.18	-0.01	0.17
Investor_Protection$_{it}$	-0.01	0.06	0.00	0.89	0.02	0.02	0.00	0.57
Gini_coefficient$_{it}$	-0.01	0.09	-0.03	0.10	-0.22	0.31	0.01	0.70
Cement	0.04	0.00	0.03	0.31				
Engineering	-0.08	0.00	0.09	0.00				
Food & Allied			0.09	0.00				
Fuel & Power			0.12	0.00				
Jute			0.01	0.81				
Information Technology			-0.02	0.27				
Textile			0.05	0.08				
Miscellaneous			0.09	0.00				
Tannery Industry			0.11	0.00				
Pharmaceutical & Chemical			0.12	0.00				
Communication					0.00	0.94	0.04	0.01
Consumer Discretionary					0.10	0.00	0.01	0.42
Industrial					0.00	0.91	-0.04	0.01
Materials					0.08	0.00	-0.06	0.03
Consumer Staples					0.05	0.01	0.00	0.99

Utilities							0.02	0.09
Energy					-0.05	0.06	0.00	0.94
Health Care								
Year	Included		Included		Included		Included	
Adjusted R^2	0.72		0.77		0.79		0.71	
F statistic (sig.)	22.28		15.70		18.29		11.01	
Observations	73		127		106		94	

Where:

VDI_{it}	=Measured by voluntary disclosure index for each country of firm *i* for time period *t*.
BoD_Ind_{it}	=Percentage of independent directors on the board of firm *i* for time period *t*.
BoD_Size_{it}	=Number of directors on the board of firm *i* for time period *t*.
Big4 $Audit_{it}$	=Dummy variable that takes the value 1 if the firm is audited by a big four auditor of firm *i* for the time period *t*, otherwise 0.
$Audit\_Committee_{it}$	=Dummy variable that takes the value 1 if the firm has an audit committee of firm *i* for time period *t*, otherwise 0.
Ceo_ $Duality_{it}$	=Dummy variable that takes the value 1 if the CEO is also the chairman of the board of firm *i* for time period *t*, otherwise 0.
$Top\_5\_ShareH_{it}$	=Proportion of ordinary shares held by top five shareholders to total number of shares issued of firm *i* for time period *t*.
ROA_{it}	=Net profit after tax divided by total assets of firm *i* for time period *t*
LN_TA_{it}	=Natural log of total asset of firm *i* for time period *t*.
$Leverage_{it}$	=Total debt divided by total assets of firm *i* for time period *t*.
F_Age_{it}	=Number of years in operation as a listed firm of firm *i* for time period *t*.
GDP_Cap_{it}	=Real Gross Domestic Product Cap divided by total population.
$Equity\_Mkt_{it}$	=Stock market capitalisation ratio divided by Gross Domestic Product.
$Corruption_{it}$	=Corruption perception index score ranging from '0' to '10', where 0 point out a high level of alleged corruption and 10 point to entirely clean country.
$IFRS\_Adopt_{it}$	=Dummy variable that takes the value 1 if the firm adopt IFRS between the period of 2006-2010 of firm *i* for the time period *t*, otherwise 0.
$Investor\_Protection_{it}$	=Shareholder rights index, ranging from '0' to '6', where 0 indicates the weakest and 6 the strongest shareholder rights of firm *i* for time period *t*.
$Gini\_Coefficient_{it}$	=Gini index of income inequality ranging from '0' to '1', where 0 indicates perfect equality and 1 indicate perfect inequality.
$Industry\_Dummy_{it}$	=Dummy variable that takes the value 1 if the firm operate in the specific industry sector of firm *i* for time period *t*, otherwise 0.
$Year\_Dummy_{it}$	=Series indicator variables controlling time temporal differences of reporting periods for firm-year observations with firm *i* scored 1 if financial data correspond to year *t*, 0 otherwise.

The regression results from Table 8.6 Columns 2 and 4 show that both large and small boards of Bangladeshi firms are significantly associated with voluntary corporate governance disclosures (*p* values 0.00 for both Columns). Furthermore, the coefficients in Table 8.1 Columns 1 and 3 are both negative indicating that firms with both large and small boards in Bangladesh are associated with lower levels of voluntary corporate governance disclosures. In relation to the partitioning tests for Malaysian boards, Table 8.6 Column 6 reports that large boards are significantly associated with voluntary corporate governance disclosures (*p* value 0.06). Furthermore, the coefficient in Table 8.1 Column 5 is negative indicating that firms with large boards in Malaysia are associated with lower levels of voluntary corporate governance disclosures. Partitioning results therefore indicate that large boards in Malaysia are driving the main results in Chapter Seven (where board size was a significant variable in voluntary corporate governance disclosures). The high adjusted R^2 of 77% and 72% for Bangladesh and 71% and 79% for Malaysia indicate that the regression models utilized fit the data well with the majority of the variation in voluntary corporate governance disclosures levels explained by the variables used in Table 8.6.

8.4 Summary of the Chapter

This chapter provided additional analysis to the main results in Chapter Seven. In this respect, the final usable sample was partitioned a number of different ways depending on the variables which were found to be significant predictors of both mandatory and voluntary corporate governance disclosures for Bangladesh, Malaysia and Australia in Chapter Seven.

Chapter Nine will outline the significance and implications of the results from the study and its overall conclusions. Consequently, the major contributions and limitations will be detailed followed by a brief summarization of the study.

CHAPTER NINE
CONCLUSION

9.1 Overview of the Chapter

This chapter summarizes the study's major conclusions and implications together with inherent limitations and future research opportunities in this area. Chapter Nine proceeds with an overview of the study followed by the main findings. The significance of the results is then documented with the limitations identified. Finally, a summary of the study is provided at the end of the chapter.

9.2 Study Overview

This thesis, using both cross-sectional and panel data, examines the drivers of voluntary and mandatory corporate governance disclosure within the annual reports of publicly listed firms in Bangladesh (an emerging economy), Malaysia (a developing economy) and Australia (a developed economy) with corporate governance regulations enacted in their respective countries. Using institutional and agency theories as the theoretical constructs, a corporate governance disclosure score (both mandatory and voluntary) is formulated for each country and a number of predictor variables hypothesized to influence the extent of mandatory and voluntary corporate governance disclosure practices of firms regressed against the formulated score. The final usable sample provided 600 firm-year observations for analysis with 200 data points obtained from each country over the period 2006 to 2010. Annual reports of listed firms are the key source to examine the extent of disclosure. These were selected as listed firms annual financial and non-financial statements are considered to be the major source of information disclosure for various user groups including shareholders, creditors, employees, suppliers, financial analysts, stockbrokers and government agencies who do not have the power to demand special purposed financial reports from these firms.

As a key component of the study is panel analysis, the time period selected for observation comprises all firms registered on the Dhaka Stock Exchange, Bursa Malaysia Berhad and ASX continuously across the observation window of 2006 to 2010 calendar years (a five-year time-frame). This period is selected as it transcends a key period in the global financial accounting and corporate governance landscape; specifically the Global Financial Crisis. Consistent with prior empirical research, financial institutions, banks and stock brokerages are excluded from the sample (Gul and Leung 2004).

The overall variable of interest in the study is the extent of corporate governance disclosure. The extent of corporate governance disclosure is measured using voluntary and mandatory disclosure indices. The study investigates the likelihood of corporate governance characteristics, firm characteristics and country characteristics being key predictor (i.e., independent) variables affecting the levels of both mandatory and voluntary disclosures in Bangladeshi, Malaysian and Australian capital markets. In addition to the corporate governance characteristics, firm characteristics and country characteristics, the study also incorporates an industry control variable into the statistical analysis consistent with prior research suggesting that industry type influences the level of disclosure exhibited by firms (Ball and Foster 1982; Cooke 1991; Meek, Roberts and Gray 1995; Wallace, Kamal and Araceli 1994; Watts and Zimmerman 1990)

The association between the predictor/control variables and the corporate governance disclosure scores are analysed using univariate, bivariate and multivariate analysis. Specifically, in terms of univariate analysis, standard descriptive statistics (such as mean, standard deviation, mode, minimum and maximum) are generated and correlation analyses (Pearson correlations) are reported. The multivariate analysis of the study is conducted using Ordinary Least Squares linear regression. The regression results also control for cross-sectional differences with the inclusion of year dummy variables.

9.3 Summary of Empirical Findings

The study focuses on three factors which may influence the level of voluntary and mandatory disclosures: (1) corporate governance characteristics; (2) firm characteristics: and (3) country-specific characteristics.

In line with the research objectives, the study seeks to investigate the following research questions;

RQ_1: What is the relative extent of disclosure (as measured by the level of corporate governance mandatory and voluntary disclosures index in annual reports) by publicly listed firms in Bangladesh, Malaysia and Australia with the corporate governance guidelines enacted in their respective countries?

In terms of both mandatory and voluntary corporate governance disclosures, Australian listed firms are found to exhibit higher levels of overall compliance followed by Malaysian and Bangladeshi listed companies. Specifically, in terms of mandatory disclosure requirements, Australian firms scored 97% followed by Malaysian (83%) and Bangladeshi (54%) firms. This would suggest that enforcement of compliance is more rigid in developed countries, leading to greater compliance. It may also be that penalties are greater and more difficult to avoid in developed countries.

In terms of voluntary disclosure requirements, Malaysian firms scored 89% followed very closely by Australian (88%) and Bangladeshi (63%) firms. For voluntary disclosure, Bangladesh continues to lag both other countries, however Malaysian (0.89) and Australian (0.88) companies exhibit almost identical levels of disclosure. Both of the latter have well developed equity markets and it could be speculated that this leads to greater pressure to voluntarily disclose information. Empirical findings from the results of regressions analysis also reveal that other factors are important in effecting the level of disclosures for Bangladeshi, Malaysian and Australian firms respectively. They suggest that firm level governance and firm characteristics may impact differently dependent on the stage of development of the country. For mandatory disclosure, emerging economies such as Bangladesh, with underdeveloped markets and regulation rely heavily on stakeholder groups to enforce disclosures - hence the strong association with dispersed ownership and high levels of leverage found in this study. In this case shareholder and debt holder activism is likely to produce the best results. For developing counties such as Malaysia with more established regulation the drivers move to firm level governance arrangements. For developed economies such as Australia with 97% compliance to regulation, results are difficult to read. There is a potentially spurious result as there was 97% compliance with the mandatory regulation renders the sample of non-compliance companies too small to isolate drivers. For voluntary disclosures the situation above is largely repeated for emerging and developing countries and in developed countries only size and age (political costs) influencing disclosure.

RQ_2: What are the corporate governance-specific characteristics which influence the extent of voluntary and mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia?

The empirical results from the main analysis of the annual report data reveal that the factors that influence the extent of mandatory and voluntary disclosure related to corporate governance characteristics for listed companies in Bangladesh, Malaysia and Australia are different. The study firstly measured the impact of corporate governance characteristics taking into account board independence, board size, CEO duality, Big4 auditor and audit committee.

According to the analysis, the influence on the level of mandatory corporate governance disclosure in Bangladeshi firms are almost entirely firm related. In contrast, the Malaysian results tended to emphasise governance characteristics including firms with a Big 4 auditor ($Big4Audit_{it}$) and director independence (BoD_Ind_{it}) are significant. A surprising finding is that for Malaysia, CEO duality increased disclosure. In terms of the Australian firm's mandatory corporate governance disclosure, although most firm related variables are significant, this is a potentially spurious result as there was 97% compliance with the mandatory regulation and the sample of non-compliance companies is rendered too small to isolate drivers.

With respect to voluntary corporate governance disclosure, those Bangladeshi firms with high disclosure have established larger boards (BoD_Size_{it}), had more CEOs who were also board chairpersons ($CEO\_Duality_{it}$) but lower audit committee ($Audit\_Committee_{it}$) representation. For voluntary corporate governance disclosure in Malaysia, firms with higher disclosure generally hired a Big 4 auditor ($Big4Audit_{it}$) and had independent boards (BoD_Ind_{it}) even though these boards be likely to be small (BoD_Size_{it}). Whereas for Australian firms with high voluntary corporate governance, disclosure none of the variables used in the model were found to be significant.

RQ_3: What are the firm-specific characteristics which influence the extent of voluntary and mandatory disclosure by publicly listed firms in Bangladesh, Malaysia and Australia?

The empirical results from the main analysis of the annual report data reveal the factors that influence the extent of mandatory and voluntary disclosure related to firm characteristics for listed companies in Bangladesh, Malaysia and Australia. The study measured firm characteristics including ownership concentration, firm's return on assets, firm's return on equity, leverage, firm size and firm age.

Bangladeshi firms with high levels of mandatory corporate governance disclosure are strongly influenced by firm characteristics including an association with larger companies (LN_TA_{it}), utilizing debt to aid in financial operation ($Leverage_{it}$) and have been in operations as a listed company for a longer period of time (F_Age_{it}). These same firms also had weak ownership concentration ($Top\_5\_ShareH_{it}$) and poorer return on assets (ROA_{it}). Malaysian firms with high mandatory corporate governance disclosure are less impacted by firm characteristics with only greater ownership concentration ($Top\_5\_ShareH_{it}$) having an influence. All measures were significant for the Australian firms with higher mandatory corporate governance disclosure being positively associated with return on assets (ROA_{it}), size (LN_TA_{it}), debt levels ($Leverage_{it}$) and age (F_Age_{it}). These same firms had less concentrated narrow ownership ($Top\_5\_ShareH_{it}$). However while most firm related variables show as significant, this is a potentially spurious result as there was 97% compliance with the mandatory regulation and the sample of non-compliance companies is rendered too small to isolate drivers.

For voluntary corporate governance disclosures Bangladeshi firms with high levels have greater ownership concentration ($Top\_5\_ShareH_{it}$) and are large in size. However, results also show these same firms also had significantly lower return on assets (ROA_{it}) and leverage ($Leverage_{it}$). Malaysian firms with high levels of voluntary corporate governance disclosure are again less impacted by firm variables, however on average had more concentrated ownership (*Top_5_ShareH*$_{it}$) with other variables being insignificant. For Australian firms only size (*LN_TA*$_{it}$) and age (*F_Age*$_{it}$) were significantly associated with voluntary corporate governance disclosure suggesting the importance of political costs in voluntary disclosure in developed economies.

RQ_4: What are the country-specific characteristics which influence the extent of voluntary and mandatory disclosure of publicly listed firms in Bangladesh, Malaysia and Australia?

The study measured country characteristics by culture, GDP per capita, equity market, IFRS adoption, corruption, investor protection and Gini coefficient. Only Bangladesh registered significant results for these variables, with investor protection (*Investor_Protection*$_{it}$) positively associated with mandatory disclosure and the IFRS reporting framework (*IFRS_Adopt*$_{it}$) with voluntary corporate governance disclosure.

For the industry control variable, Bangladeshi firms with higher mandatory corporate governance disclosure scores are most prevalent in the engineering, food & allied, fuel & power, shoes (Jute) and information technology industries. Similar Malaysian firms are most prevalent in the communication, consumer discretionary, consumer staples and utilities industries while for Australia, they are in the consumer discretionary, utilities, energy and health care industries.

Some differences exist for voluntary disclosure and industry. Bangladeshi firms with higher voluntary corporate governance disclosure scores are in the fuel & power and miscellaneous industries. Malaysian listed companies were significantly associated with communication, consumer discretionary, materials, consumer staples, utilities, energy and health care industries. Whereas no industry segment was significant for Australian firms.

In an effort to focus the results from this study as discussed above, the following Table 9.1 is prepared.

Table 9.1: Summary Table of Results

Mandatory Corporate Governance Disclosures	**Voluntary Corporate Governance Disclosures**
Bangladesh	**Bangladesh**
Corporate Governance Characteristics Audit committee (*Audit_Commitee*$_{it}$) **Firm Characteristics** Firm size (*LN_TA*$_{it}$), leverage (*Leverage*$_{it}$), firm age (*F_Age*), concentrated shareholdings (*Top_5_ShareH*$_{it}$) **Country Characteristics** Shareholder rights (*Investor_Protection*$_{it}$)	**Corporate Governance Characteristics** Board size (*BoD_Size*$_{it}$), (*CEO_Duality*$_{it}$) **Firm Characteristics** Shareholdings (*Top_5_ShareH*$_{it}$) **Country Characteristics** IFRS adoption (*IFRS_Adopt*$_{it}$).
Malaysia	**Malaysia**
Corporate Governance Characteristics Big 4 auditor (*Big4Audit*$_{it}$), independent boards (*BoD_Ind*$_{it}$), CEO duality (*Ceo Duality*$_{it}$) **Firm Characteristics** Shareholdings (*Top_5_ShareH*$_{it}$) **Country Characteristics** None of the variables were significantly associated for Malaysian firms with mandatory corporate governance disclosure	**Corporate Governance Characteristics** Big 4 auditor (*Big4Audit*$_{it}$), (*Ceo Duality*$_{it}$), independent boards (*BoD_Ind*$_{it}$). **Firm Characteristics** Shareholdings (*Top_5_ShareH*$_{it}$) **Country Characteristics** None of the variables were significantly associated for Malaysian firms with voluntary corporate governance disclosure
Australia	**Australia**
Corporate Governance Characteristics None of the variables used in the model were significant. **Firm Characteristics** Return on assets (*ROA*$_{it}$), firm size (*LN_TA*$_{it}$), leverage (*Leverage*$_{it}$), firm age (*F_Age*$_{it}$) **Country Characteristics** None of the variables were significantly associated for Malaysian firms with mandatory corporate governance disclosure	**Corporate Governance Characteristics** None of the variables used in the model were significant. **Firm Characteristics** firm size (*LN_TA*$_{it}$), firm age (*F_Age*$_{it}$) **Country Characteristics** None of the variables were significantly associated for Malaysian firms with voluntary corporate governance disclosure

9.4 Major Contributions of the Study

The study examines the association between corporate governance and the extent of disclosure in annual reports of publicly listed firms in Bangladesh, Malaysia and Australia. The study makes several contributions to the extant literature.

First, the study provides a contemporaneous update of the extent of disclosures by firms in Bangladesh, Malaysia and Australia with the Corporate Governance Guidelines issued in their respective countries. The update reflects upon the progress in Bangladesh and Malaysia in terms of emerging/developing economies with sound corporate governance principles and processes. Second, the results shed light on the determinants of disclosure of listed firms in the three aforementioned countries with their respective Corporate Governance Guidelines thereby providing important insights into the characteristics of firms either complying or not complying with their respective Corporate Governance Guidelines (after controlling for economic differences between the three countries). In addition, results also provide evidence concerning the existence, extent and variation of corporate governance practices across economic jurisdictions over time. Third, given that the study adopts a corporate governance disclosure score and published studies often utilize a composite dichotomous score, results provide important methodological contributions to the corporate governance literature. Fourth, given that the study uses a richer dataset across three countries at different stages of economic development, results will have cross-country and cross-economic contributions (and therefore, higher generalizability). Fifth, given that the study adopts institutional theory as the primary underpinning theoretical framework, results provide evidence about institutional theory’s relevance in influencing the extent of corporate disclosure.

Overall, the aforementioned contributions of the study will therefore benefit other emerging economies, regulators, capital market participants, scholars, management, key stakeholders such as shareholders and debt holders and other key corporate governance mechanisms such as the board of directors, audit committees, internal audit function and the external audit attestation functions.

Although former research shows both the existence, and growth in the past decade, of corporate governance disclosure, numerous empirical questions about the significance of disclosure of information to the financial reporting process remain unanswered (Agrawal and Chadha. 2005). This study assists in broadening such understanding, particularly within the context of the Bangladesh, Malaysia and Australian capital market. For example, the study utilizes alternative results of robustness and sensitivity analysis. Also, findings from the study provide updated evidence on the existence and extent of information disclosure practices amongst publicly listed firms across a panel period.

The study also helps in addressing one of many unanswered empirical questions related to determinant factors influencing disclosure level, whilst also increasing the understanding of the influence of these factors. Specifically, analysis develops insights into, and identifies, key determinants of disclosure. Much empirical research to date has sought to determine the presence and extent of disclosure practices using a range of methods in developing countries (Akhtaruddin 2005; Barako and Dulacha 2007; Dulacha 2007). Very little research, however, seeks to identify the key drivers of disclosure in developing countries (Akhtaruddin 2005; Barako and Dulacha 2007; Dulacha 2007). To the researcher’s best knowledge, this is the first study to provide a comprehensive examination of the relationship between corporate governance and disclosure practices in Bangladesh, Malaysia and Australian capital market setting (internationally).

In regard to the study specifically, the study provides evidence of the impact of corporate governance mechanisms on disclosure to a wider range of firm's size. The study contrasts with a number of prior studies (Aktaruddin et al. 2009; Alam 1989; Brownlee 1990; Chau and Gray 2002; Eng and Mak 2003; Haniffa and Cooke 2002; Ho and Wong 2001; Hongxia and Qi 2008; Ibrahim, Haron and Ariffin 2000) which have generally only considered larger firms by market capitalization. This study provides evidence on whether the impact of disclosure can be generalized across all listed firms.

Importantly, this study provides broader evidence on the influence of specific structural and operational characteristics (i.e., corporate governance, firm and country characteristics) on corporate governance disclosure. Findings, therefore, help identify specific features researchers examining the influential factors may seek to examine/include in future research.

The study also provides contributions to the understanding of the capital market from three different institutional settings that are beneficial to key stakeholders (e.g., regulators). For instance, findings will help regulators determine which structural and operational features of corporate governance are best likely to lead to improvements in quality of disclosure reporting. This information can then enable regulators assess whether corporate governance guidelines (mandatory and voluntary) are likely to have benefits to firms and society, or will burden firms with unnecessary costs. In this case governance related factors were found to be most influential on disclosure in developing countries but of less importance in emerging and developed. These findings can benefit regulators in revising existing policies to ensure the desired outcome is achieved, or to help in development of new policies to reinforce present standards governing corporate governance disclosure.

Overall, this study provides important insights and highlights avenues for future research. With any positivist empirical study, however, this research is not without limitations.

9.5 Limitations and Future Research

While the study has a number of strengths, it is not without limitations. First, based on the nature of this research, data for the dependent, independent and control variables are collected from publicly available information, specifically annual reports. The annual report (i.e., content analysis) research entails a sample of companies listed on the stock exchanges of Bangladesh, Malaysia and Australia. In order to analyse the hypotheses of the study, data for the variables employed to calculate the extent of corporate governance disclosures and related variables are collected only from annual report disclosures. It is possible that other measure for variables exist within firms and that these proxies could be collected via interviews and questionnaires. Reliance on data from annual reports to generate conclusions about the extent of disclosures also raises a question about the accuracy of the information disclosed by the preparers of annual reports. As a result, the study assumes that firms are being accurate in disclosing the information included in their annual report. Second, the study uses data from public firms and private firms are excluded from the sample. Therefore, the results of the study may not be generalizable to non-listed firms and also to countries with different institutional settings. Third, the observation window for the study spans 2006 to 2010 and as such, the results may not be generalizable to periods prior to 2006 and post-2010.

9.6 Suggestions for Future Research

Empirical findings from the study suggest a number of opportunities for future research. For example, future research could investigate other methods for measuring corporate governance disclosure. Specifically, in terms of data collection, alternative methods such as interviews, surveys and questionnaires may assist in better defining and measuring the extent of disclosure.

The study used a five year observation widow (i.e., 2006 to 2010). Future research may employ different time frame, longer or shorter observation periods, or periods to traverse a specific event (e.g., Asian Financial Crisis, Enron collapse). Such research will assist in building a more comprehensive understanding of the influence of the extent of disclosure on actual firm performance.

Also, the study performs a comparative study; countries are selected from three stages of economic development (i.e., emerging, developing and developed). Future research can conduct study on corporate governance and the disclosure association in another domestic, regional or broader international setting. For instance, scholars could conduct related research to the study by choosing countries with different institutional settings (e.g., code law versus common law, litigation risk, institutional ownership and cultural difference). Finally, the study applies specific features of corporate governance mechanism on the effectiveness of disclosure practice. Future research may also utilize different features of corporate governance mechanism (e.g., remuneration committee; director age; presence of female directors on the board) to determine the influential factors of information disclosure.

Future research in this area could also examine the relationship between the two types of mandatory and voluntary corporate governance disclosures in an effort to identify, among other things, the degree of commonality between them and their determinants. Finally, scholars may also wish to examine intra-firm data on factors such as stakeholder/debtholders influences and organizational policy and procedures to determine the degree of their impact on mandatory and voluntary corporate governance disclosures.

9.7 Summary of the Study

Regulators, investors, corporate management and scholars focus on the importance of information disclosure. However, empirical research of this concept continues to develop with findings from past empirical studies on disclosure practices often conflicting. Variations have emerged in the compliance levels of companies, factors influencing such disclosure, the overall fit of the models utilized, the coefficients of determination and the significance or otherwise of the results. Additionally, results also vary from country to country. Studies have also focused more disclosure practices in developed countries rather than developing ones.

This study utilizes agency and institutional theories as the theoretical framework. It develops a corporate governance disclosure score (both mandatory and voluntary) together with a number of predictor variables hypothesized to influence corporate governance disclosure practices of firms regressed against the formulated corporate governance score. The final sample for each country provides 200 firm-year observations over the period 2006 to 2010 resulting in a total of 600 firm-year observations. The extent of mandatory and voluntary disclosure of listed firms in their annual reports is found to be associated to different degrees with three groups of variables; corporate governance characteristics, firm characteristics and country characteristics. In terms of mandatory corporate governance disclosure results shows that high levels of mandatory corporate governance disclosures of firms in Bangladesh and Australia were primarily associated with company characteristics such as shareholder concentration, return on assets, large firms, high borrowings and firm age. Malaysian firms that tended to engage in greater levels of mandatory corporate governance disclosures, conversely, were significantly associated with corporate governance characteristics such as board independence, size and Big 4 auditors. These results were similar for voluntary corporate governance disclosure in these countries. Australian firms with higher levels of voluntary corporate governance disclosures, tended to be large firms who had been in operation longer.

Results of the study have clear implications for regulators, investors, corporate management and scholars. The significance of variables identified in the study clearly indicates the importance of some of these variables as determinants of corporate governance disclosure.

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