An Empirical Investigation into Corporate Voluntary Disclosure of Management's Responsibilities in the Bangladeshi Listed Companies

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Abstract

The article aims to evaluate the Corporate Voluntary Disclosure of Management's Responsibilities in the Bangladeshi Listed Companies. Data are taken from annual reports of the listed companies in Dhaka Stock Exchange (DSE) during 2005-2008. The study uses ordinary least squares regression model to examine the relationship between explanatory variables and corporate voluntary disclosure and un-weighted relative disclosure index is used for measuring voluntary disclosure score. The results show the firms have the higher percentage of shares held by institutional shareholders. The Senior management's decision is positively related to the level of voluntary disclosure and has positive relation with a board audit committee and board leadership structure. On the other hand, where the firms have a higher management of ownership structure, there the senior management's decision is negatively related to the level of voluntary disclosure. However, other factors such as those provided by board composition, board size and firm size displayed no significant influence on senior management's decisions in this area.

Keywords: Management's Responsibility, Corporate Governance, Voluntary Disclosure

1. Introduction

Corporate voluntary disclosures, being in excess of requirements, represents free choices on the part of Management's Responsibility to provide information in the annual reports for the maintenance of an effective system of internal controls. Understanding why companies disclose information voluntary is useful to both preparers and users of accounting information, as well as to accounting policy makers (Meek, Roberts and Gray, 1995). Nevertheless, many researchers in this area have focused on the development markets (McKinnon and Dalimunthe, 1993; Frost and Pownall, 1994). Only a few studies have examined voluntary disclosure in the Asian region e.g. (Hongxia Li& Ainian Qi, 2008; Ibrahim, Haron and Ariffin, 2000; Ho and Wong, 200; Chau and Gray, 2002; Haniffa and Cooke, 2002; Eng and Mark, 2003) and thus evidence of the determinants of voluntary disclosure in this region is limited as compared with evidence from the developed countries. This paper investigates into the Corporate Voluntary Disclosure of Management's Responsibilities in the Bangladeshi Listed Companies.

Generally, disclosure is done in company annual reports either through the statements or the notes accompanying the statements. Although other means of releasing information, such as interim reporting, letters to shareholders and employee reports, are used by the companies, the annual report is considered to be the major source of information to various user-groups (Marston & Shrives, 1991). Nevertheless, all parts of the annual reports are not equally important to all users.

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Income statement is believed to be the most preferred sections to investors while cash flow statement and balance sheet are most useful sections to bankers and creditors (Ho & Wong, 2001). Likewise, the users of accounting information weight audit reports, directors' reports, accounting policies and historical summary differently. The annual report should contain information that will allow its users to make correct decisions and efficient use of limited resources.

The companies provide information on the ground that such disclosure will not respond to the negative impact on the company image (Choi, 1973). It is seen that a company discloses information in line with legislative frameworks (Karim, 1998). Brownlee (1990) argues that the regulatory agencies should be more concerned with the full and fair disclosure of information than with the specific accounting methods used to measure or report economic transactions. The Companies Act 1994 provides the basic requirements for disclosure and reporting applicable to all companies incorporated in Bangladesh (Government of Bangladesh, 1993).The Act requires the companies to prepare financial statements in order to reflect a true and fair view of the state of affairs of the company. The Securities and Exchange Commission (SEC), another regulatory body, requires all listed companies to comply with accounting standards promulgated by the Institute of Chartered Accountants of Bangladesh (ICAB) in addition to its own disclosure provisions (Government of Bangladesh, 1993).

The demand for published financial information of companies has increased worldwide as the users of such information have become more aware the before. But often disclosure does not serve the need of the users because managers are likely to consider their own interests when exercising managerial judgment. In fact, this might enhance the disclosure gap–the difference between expected and actual disclosures. In other words, improved disclosure reduces the gap between the management and the outside world, enhances the value of stock in the capital market, increases liquidity, reduces cost and so on (Karim, 1996). One great feature in corporate reporting is that a company generally provides information to discharge specific obligations to society, investor, supplier, creditors and legal authorities. However senior management's decision to provide or not to provide certain information is likely to be influenced by a variety of factors of the corporation. Earlier research examines various company attributes and their association to the level of disclosure. Here the study focuses on the level of disclosure linking to board composition, board ownership structure, board leadership structure, board size, board audit committee, firm size, and profitability.

2. Objectives of the Study

Generally, two kinds of information are disclosed in corporate annual reports for traditional user groups such as shareholders, creditors, financial analysts and security consultants; one is mandatory information and another is voluntary information. Moreover, prior research focuses mostly on mandatory disclosure (Ahmed, K. & Nicholls, D.,1994; Wallace, R.S.O., & Naser, K.,1995); Owusa-Ansah, S.,1998; Akhtaruddin M., 2005). This paper is an attempt to minimize this apparent gap in prior research by investigating into the voluntary disclosure made by listed companies in Bangladesh and examining the factors that have influenced senior management's decision to disclose voluntary information in their annual reports. The findings of the study would be of immense interest to the listed companies, investors and those involved in standard setting processes. The specific objectives of the proposed study are: (i) to measure the level of voluntary disclosure of information made by the listed companies in Bangladesh, and (ii) to examine the management's decision to disclose voluntary information in their annual reports.

3. Literature Review and Hypothesis Development

3.1 Independent Non-Executive Directors

The independent non-executive directors are those members whose only affiliation with the firm is their directorship. Empirical evidence on the importance of non-executive directors on board has been mixed. Kosnik (1990) argues that the outside directors are more effective than the inside directors in maximizing shareholders' wealth. Ho and Wong (2001) do not find association between the proportion of outside non-executive directors and the extent of voluntary disclosure. Leftwich, Watts and Zimmerman (1981) demonstrate that firms can expect more voluntary disclosure with the inclusion of a larger number of independent non-executive directors on the board. Haniffa and Cooke (2002) argue that an independent board serves as an important check and balance mechanism in enhancing boards' effectiveness. Support for these assertions is further provided by Barako et al. (2006); Simon and Kar (2001); Pettigrew and McNulty (1995) and Eng and Mak (2003). Ho and Wong (2001) do not find association between the proportion of outside non-executive directors and the extent of voluntary disclosure. Aktaruddin et al. (2009) and Obeua Persons (2009) find that firms can expect more voluntary disclosure with the inclusion of a larger number of independent non-executive directors on the board. A firm may have higher level of disclosure if the boards consist of more outside directors. These observations suggest the following hypothesis:

H_1: A higher proportion of independent non-executive directors on a board are positively related with management's decision to the level of voluntary disclosure.

3.2 Ownership Structure

Ownership structure is a mechanism that aligns the interest of shareholders and managers (Eng and Mak, 2003; Haniffa and Cooke, 2002; Chau and Gray, 2002; Hassain, et al.,1994). The agency theory suggests that where there is a separation of ownership and control of a firm, the potential for agency costs arises because of conflicts of interest between the contracting parties. It is believed that agency problems will be higher in the widely held companies because of the diverse interests between contracting parties (Mohd, et al.2006). By utilizing voluntary disclosure, managers provide more information to signal that they work in the best interests of the shareholders.

In this study, ownership structure is proxy by management ownership. Using agency theory, it is argued that firms with higher management of ownership structure may disclose less information to shareholders through voluntary disclosure. It is because the determined ownership structure provides firms lower incentives to voluntarily disclose information to meet the needs of non-dispersed shareholders groups. McKinnon and Dalimunthe(1993) note that companies with a single ownership structure disclose more voluntary information. Hossain et al.(1994) suggested a negative association between the management ownership structure and the level of voluntary disclosure by Malaysian listed firms. In addition, Lakhal (2005) proposes that share management ownership is statistically and negatively associated with voluntary earnings disclosures. Oliveira et al (2006) also reported that firms with a lower shareholder management voluntarily disclosed more information. The significant role of management ownership influences voluntary disclosures practices of firms from the prior researchers. So it is expected that ownership structure will influence the voluntary disclosure information. The hypothesis is formally stated as:

H_2: The extent of corporate voluntary disclosures is negatively associated with a higher management of ownership structure.

Due to large ownership stake, institutional investors have strong incentives to monitor corporate disclosure practices. Thus, managers may voluntarily disclose information to meet the expectations of large share-holders. Dulacha G .B (2007) found that there is a significant positive relationship between the percentage ownership by institutional investors and voluntary disclosure of corporate governance practices by listed companies in Kenya. Similarly, Bushee and Noe (2000) documented a significant positive association between institutional shareholdings and corporate disclosure practices, as measured by the Association for Investment Management and Research (AIMR). Given shareholder activism and the monitoring potential of institutional shareholders, the following hypothesis is tested:

H_3: The higher the percentage of shares held by institutional shareholders, the higher the extent of voluntary disclosure made by senior management's decisions.

3.3: Board Audit Committee

The presence of an audit committee is associated with reliable financial reporting, such as, reduced incidence of errors, irregularities, and other indicators of unreliable reporting (Ho and Wong, 2001; McMullen, 1996). In addition, Bradbury (1990) argued that audit committees are commonly viewed as monitoring mechanisms that enhance the audit attestation function of external financial reporting. The board usually delegates responsibility for the oversight of financial reporting to the audit committee to enhance the breadth of relevance and reliability of annual report (Wallace et al., 1995). Thus, audit committees can be a monitoring mechanism that improves the quality of information flow between firm owners (shareholders and potential shareholders) and managers, especially in the financial reporting environment where the two have disparate information levels. Given the influence of audit committees on the context and content of corporate annual reports, the following hypothesis is tested:

H_4: The firms have an audit committee, senior management's decision to the higher level of voluntary disclosure.

3.4: Board Leadership Structure

Within the context of corporate governance, the central issue often discussed is whether the chair of the board of directors and CEO positions should be held by different persons (dual leadership structure) or by one person (unitary leadership structure). According to agency theory, the combined functions (unitary leadership structure) can significantly impair the boards' most important function of monitoring, disciplining and compensating senior managers. It also enables the CEO to engage in opportunistic behavior, because of his/her dominance over the board. Forker (1992) empirically studied the relationship between corporate governance and disclosure quality, and presented evidence of a negative relationship between disclosure quality and 'dominant personality' (measuring CEO and board chair together). Hence, to the extent that the combined chair/CEO positions "signals the absence of separation of decision management and decision control" (Dulacha, G.B (2007) , the following hypothesis is examined:

H_5: The firms have a dual leadership structure; senior management's decision is positively related to the extent of voluntary disclosure.

3.5: Board Size

Board size may influence the level of voluntary disclosure. The level of disclosure is a strategic decision made by the board of directors. As a top-level management body, the board of directors formulates policies and strategies to be followed by managers. It has been argued that a greater number of directors on the board may reduce the likelihood of information asymmetry (Chen and Jaggi, 2000). Research emphasizes the importance of strategic information and resources in a highly uncertain environment. Birnbaum (1984) suggests that uncertainty and the lack of information may be minimized by a larger board. The size of the board is believed to affect the ability of the board to monitor and evaluate management and small board encourages faster information processing (Zahra, et al., 2000). Further, the ability of directors to control and promote value-creating activities is more likely to increase with the increase of directors on the board. With more directors, the collective experience and expertise of the board will increase, and therefore, the need for information disclosure will be higher. The following hypothesis is examined:

H_6: The higher number of directors on a board, senior management's decision is positively related to the level of voluntary disclosure.

3.6 Other Control Variables

A review of literatures on voluntary disclosure led to the decision of including these control variables in the multiple regression models for testing the main hypotheses. These are firm size, (Prior studies have identified size as significantly associated with the level of disclosure (Cooke, 1993 Lang & Lundholm, 1993 and Lobo & Zhou; 2001) Profitability, Previous research used profitability as a determinant of disclosure in corporate annual reports (Wallance & Naser, 1995;

karim, 1996). However, empirical results of the research are mixed findings of karim, 1996; and Owusu-Ansah, 1998.

4. Research Design and Methodology

4.1 Disclosure Index Construction and Application

In the initial stage of this research, a comprehensive list of items that may be voluntarily disclosed by the companies in their annual reports was identified. The list of disclosure items included both financial and non-financial items that may be relevant to investment decision-making. Since the focus of this research is voluntary disclosures, the preliminary list of 91 items was subjected to a thorough selection to eliminate those that are mandated. This list was sent to various experts (Professors, Professional Chartered Accountants & Cost and Management Accountants, etc.) for selection and as a result of their feedback, the initial list of 91 items was reduced to 68 items. The disclosure items are classified into thirteen categories: general corporate information, corporate strategic information, corporate governance information, financial information, financial review information, foreign currency information, segmental information, employee information, research & development information, future forecast information, share price information, social responsibility information and graphical information. This study is treated as an unweighted approach. This approach is most appropriate when no importance is given to any specific user-group (Hossain et al., 1994; Akhtaruddin et al., 2009; Hossain and Hammami, 2009). The items of information are numerically scored on a dichotomous basis. According to the unweighted disclosure approach, a firm is scored “1” for an item disclosed in the annual report and “0” if it is not disclosed. The Total Voluntary Disclosure Index (TVDI) is then computed for each sample firm as a ratio of the total disclosure score to the maximum possible disclosure by the firm. The disclosure index for each firm is then expressed in percentage.

4.2 Sample Selection and Data Sources

Sample is taken from annual reports of 132 listed companies under Dhaka Stock Exchange (DSE). All companies were considered for inclusion in the survey. The main criteria used for sampling the firms were: (i) annual reports must be available at the stock exchange and (ii) the firm must have been listed for the entire period of the study 2005 to 2008.The companies listed on the DSE are classified into thirteen categories, out of which only Seven are studied: engineering, food & allied, fuel & power, textile, pharmaceuticals & chemicals, tannery & paper, and cement & ceramics. Corporate-governance attribute was collected from the annual reports of the listed companies of DSE. Table-1 provides a summary of the operational definition of variables and their sources.

4.3 Analysis of Data

In order to obtain the objectives of the research study, statistical tools like average, standard deviation, co-efficient of variance, correlation, regressions and T tests, and F tests have been used to analyze and interpret the data through the Statistical Packages for Social Science (SPSS) 14.0 for windows and Tables have been used for data presentation.

4.4 Model Specification

The economic model used in multiple regression analysis is given as:
$Y= \beta 0 + \beta$ Fit + eit (1)
Where, Y is the dependent variable. $\beta 0$ is constant, β is the coefficient of the explanatory variable (corporate governance mechanisms), Fit is the explanatory variable and eit is the error term (assumed to have zero mean and independent across time period). By adopting the economic model as in equation (1) above specifically for this study, equation (2) given below evolves.

$$TVD = \beta 0 + \beta_1 PIND + \beta_2 PEOI + \beta_3 PEINS + \beta_4 BAC + \beta_5 BLS + \beta_6 BSZE ++ \beta_7 TA + \beta_8 TSE + \beta_7 PROA + eit \quad (2)$$

<u>Dependent Variables</u>
TVD = Total Voluntary Disclosure score received from each Company

<u>Independent Variables</u>
PIND =Percentage of Independent Non-executive Directors to the Total Number of Directors on the Board.
PEOI =Percentage of Equity Owned by the Insiders to all Equity of the Firm as Ownership Structure.
PEINS = Percentage of Equity held by Institutional Shareholders to all Equity of the Firm
BAC = Board Audit Committee, 1 for presence or 0 others
BLS = Board Leadership Structure, 1 for duel or 0 others
BSZE = Total Number of Member on each Board.
TA = Total Assets of the Firm.
TSE = Total Sales of the Firm.
PROA = Percentage of Return on Assets as Net Profit to Total Assets

Table-1: Operational definitions of variables, expected signs and relationships in the regression

Vent variable	Operational definition	Source of information	Expected sign and relationship
TVDE	Total voluntary disclosure index	Company annual reports	Index
β_1PIND	Percentage of independent directors to the total number of directors on the board	Company annual reports	(+) PIND has positively associated with the level of voluntary disclosure.
β_2PEOI	Percentage of equity owned by the insiders to all equity of the firm	Company annual reports	(-)PEOI is negatively associated with the level of voluntary disclosure.
β_3PEINS	Percentage of equity held by institutional shareholders to all equity of the firm	Company annual reports	(+)PEINS is positively associated with the level of voluntary disclosure.

Cont. Table

β_4BAC	Dichotomous, 1 or 0	Company annual reports	(+)BAC is associated positively with the level of voluntary disclosure.
β_5BLS	Dichotomous, 1 or 0	Company annual reports	(+)BLS is positively related to the level of voluntary disclosure.
β_6BSZE	Total number of directors	Company annual reports	(+) BSZE has a significant positive relationship with the level of voluntary disclosure.
β_7TA	Total assets represent the size of firms.	Company annual reports	(+) TA is associated positively with the level of disclosure.
β_8TSE	Total sales represent the size of firms.	Company annual reports	(+) TSE is associated positively with the level of disclosure.
β_9PROA	Percentage of Return on Assets as net profit to Total Assets	Company annual reports	(+) PROA is associated positively with the level of disclosure.

5. Results and Discussion

Table-2: Descriptive Statistics for all Variables (N=132)

Variables	Mean	Median	Std. Deviation	Minimum	Maximum
TVD	47.25	47.00	12.12	17	75
PIND	9.94	13.00	8.617	0	38
PEOI	22.16	19.86	19.76	0	66
PINSO	27.49	24.00	18.23	0	73
BAC	0.71	1.00	0.456	0	1
BLS	0.70	1.00	0.461	0	1
BSIZ	6.66	6.00	2.06	3	13
TA	25671.88	4813.13	65430.44	56.95	378056.50
TSE	17744.69	4817.38	58582.90	0.00	-258.96
PROA	-1.23	3.55	38.79	441016.71	64.09

Table-3: Voluntary Disclosure Level (N=132)

Disclosure Score (%)	No. of Companies (%)
<=30	12(9.09)
31-40	19(14.39)
41-50	51(38.64)
51-60	28(21.21)
61-70	17(12.88)
71-80	5(3.79)
>80	0(0.00)

The table-3 shows the number and percentages of companies whose disclosure score is within the specified range.

Table-4: Pearson Correlation analysis results (N=132)

Variables	TVD	PIND	PEOI	PINSO	BAC	BLS	BSIZ	TA	TSE	PROA
TVD	1	.224	-.717	.471	.544	.496	.351	.329	.186	.066
PIND	-.224	1	-.201	-.050	.518	.211	.122	.061	.142	.060
PEOI	-.717	-.201	1	-.338	-.509	-.378)	-.254	-.270	.002	-.253
PINSO	.471	-.050	-.338	1	.190	.358	.223	.289	.323	.118
BAC	.544	.518	-.509	.190	1	.355	.228	.174	.168	.139
BLS	.496	.211	-.378	.358	.355	1	.221	.198	.163	.240
BSIZ	.351	.122	-.254	.223	.228	.221	1	.298	.232	.207
TA	.329	.061	-.270	.289	.174	.198	.298	1	.577	.146
TSE	.186	.142	.002	.323	.168	.163	.232	.577	1	.066
PROA	.066	.060	-.253	.118	.139	.240	.207	.146	.066	1
Sig. (2-tailed) TVD		.131	.000	.000	.000	.000	.001	.001	.104	.531
PIND	.131		.053	.633	.000	.042	.243	.563	.174	.571
PEOI	.000	.053		.001	.000	.000	.014	.009	.987	.016
PINSO	.000	.633	.001		.069	.000	.032	.005	.002	.266
BAC	.000	.000	.000	.069		.000	.028	.095	.108	.190
BLS	.000	.042	.000	.000	.000		.033	.057	.118	.022
BSIZ	.001	.243	.014	.032	.028	.033		.004	.025	.048
TA	.001	.563	.009	.005	.095	.057	.004		.000	.168
TSE	.104	.174	.987	.002	.108	.118	.025	.000		.534
PROA	.531	.571	.016	.266	.190	.022	.048	.168	.534	

PIND = Percentage of Independent Non-executive Directors, PEOI = Percentage of Equity Owned by the Insiders, PEINS = Percentage of Equity held by Institutional Shareholders, BAC = Board Audit Committee, BLS = Board Leadership Structure, BSZE = Total Number of Member on each Board, TA = Total Assets of the Firm, TSE = Total Sales of the Firm, PROA = Percentage of Return on Assets

Table-5: Regression Analysis Results (N=132)

Variables	Coefficients	Std. Error	Beta t value	Significance
PIND	-.013	.107	-.172	.864
PEOI	-.494	.052	-5.762	.000***
PINSO	.178	.050	2.282	.025**
BAC	.184	2.284	2.113	.038**
BLS	.186	1.945	2.475	.015**
BSIZ	.117	.409	1.650	.103
TA	.057	.000	.665	.508
TSE	.027	.000	.303	.763

PROA	-.183	.021	-2.634	.010*
* P<0.01, two tailed, ** P<0.05, two tailed, *** P<0.001, two-tailed				
R squire =0.652; Adjusted R squire= 0.674; F Value =16.899; F significance =.000 ; Durbin Watson test =1.711				
PIND = Percentage of Independent Non-executive Directors, PEOI = Percentage of Equity Owned by the Insiders, PEINS = Percentage of Equity held by Institutional Shareholders, BAC = Board Audit Committee, BLS = Board Leadership Structure, BSZE = Total Number of Member on each Board, TA = Total Assets of the Firm, TSE = Total Sales of the Firm, PROA = Percentage of Return on Assets				

5.1 Descriptive Statistics

Table–2 presents descriptive statistics for the sample firms. The results from the disclosure index indicate that (TVD) the highest score achieved by a firm is 75% and the lowest score is 17% with a standard deviation of 12.12%. So the management's decisions about the firms are positively distributed with regard to voluntary disclosure. The mean of the proportion of independent non-executive directors (PIND) to the directors on the board is 9.94% with standard deviation of 8.61%.The average board ownership structure is 22.16% with standard deviation of 19.76%.The mean of institutional ownership structure is 27.49% with standard deviation of 18.23%.The average BAC, BLS and BSZE is 0.71;0.70 and 6.66 respectively. The average firm size is (Taka Bangladeshi) Tk.25671.88 lakh and Tk.17744.69 lakh respectively in terms of total assets (TA) and total sales (TSE).The statistics on Percentage of Return on Assets (PROA) indicate that a small portion of sample firms show negative returns.

5.2 Result of Correlation Analysis

Table-4 provides the Pearson product-moment correlation coefficients of the continuous explanatory variables as well as the dependent variables included in the survey. The result of Pearson product-moment correlation exposes that Total Voluntary Disclosure (TVD) is positively correlated with Percentage of Equity held by Institutional Shareholders (PEINS), Board Audit Committee (BAC), Board Leadership Structure (BLS) and is significant (sig.0.000). Similar results appear for Board Size (BSIZE) and Total Assets (TA) at the level of significance (sig.0.001). On the other hand, TVD has negative relationship with Percentage of Equity Owned by the Insiders (PEOI) and is significant (sig.0.000). Similar results appear for Percentage of Independent Directors (PIND) but not significant(sig.0.131). However, TVD has a positive relationship with total sales (TS) and Percentage of Return on Assets (PROA) but not significant respectively (sig.0.104; 0.531).

5.3 Results of Multiple Regression Analysis

The table shows the association between voluntary disclosure index and experimental variables. The coefficient of coordination R-square, F ratio, beta coefficients and t-statistics for the regression model and summarized results of the dependent variable on the explanatory variables can be seen in table-5.The result indicates an R-square of 0.652, and an F value of 16.899, which is significant at the 0.000 levels. Both of these values suggest that a significant percentage of the variation in voluntary disclosure can be explained by the variations in the whole set of independent variables.

The results of multiple regressions indicate that TVD has a negative relation with Percentage of Equity Owned by the Insiders (PEOI) at 1% level of significance (result similar to Hossain et al.1994; Lakhal ,2005) and positive relation with Percentage of Equity held by Institutional Shareholders (PEINS), Board Audit Committee (BAC), and Board Leadership Structure (BLS) at 5% level of significance. This outcome is the supported of Ho and Wong, 2001; McMullen, 1996; Dulacha, G. B, 2007; Chen and Jaggi, 2000; Wallace et al., 1995.

With regard to controllable variable, this study suggests that Percentage of Return on Assets as Net Profit (PROA) is negatively associated with the level of disclosure at 10% significance level.

6. Conclusions and Implication for Further Study

The study finds that a diverse set of factors influenced senior management to voluntarily disclose its responsibilities during the period 2005 to 2008. The findings have implications for current professional practice and are an important addition to existing literature in the area of voluntary disclosure and disclosure strategy. The firms have the higher percentage of shares held by institutional shareholders, have a board audit committee and board leadership structure. Its senior management's decision is positively related to the level of voluntary disclosure. On the other hand, where the firms have a higher management of ownership structure, these the senior management's decision is negatively related to the level of voluntary disclosure. However, other factors such as those provided by board composition, board size and firm size displayed no significant influence on the senior management's decisions in this area.

A sample size of 132 non-financial firms is listed in Dhaka Stock Exchange (DSE). Panel data methodology is employed; the method of analysis is multiple regressions and the method of regression is OLS.

There are a number of limitations of this study as well. The first limitation of the study is that it uses only non-financial companies as a sample. So the results may not extend across all companies in Bangladesh. Second, the researchers' constructed disclosure index has been used in the study. The index is very sensitive and can affect the results if the selected items of information are used improperly. The results of the study should be interpreted keeping these limitations in mind. Any future research on voluntary disclosure should seek to take into account all listed companies under the financial and the non-financial groups.

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Appendix-1:

Voluntary Disclosure Check List

1. General Corporate Information	**6. Foreign Currency Information**
1. Company's mission statement	37. Effects of foreign currency fluctuations on future operation-qualitative
2. Brief history of the company	38. Effects of foreign currency fluctuations on current results-qualitative
3. Corporate structure / chart	**7. Segmental Information**
4. Description of major goods/services produced	39. Competitor analysis- quantitative
5. Stock exchanges on which shares are held	40. Competitor analysis- qualitative
2. Corporate Strategic Information	41. Market share analysis- quantitative
6. Statement of corporate strategy and objectives –general	42. Market share analysis- qualitative
7. Statement of corporate strategy and objectives –financial	**8. Employee Information**
8. Statement of corporate strategy and objectives –marketing	43. Total number of employees for the company
9. Statement of corporate strategy and objectives –social	44. Average compensation per employee costs
10. Impact of strategy on current performance	45. Category of employees by sex
3. Corporate Governance/Directors Information	46. Number of employees trained
11. Name of principal shareholders	47. Welfare information
12. List of Directors	48. Policy on employee training
13. Shares held by directors of the company	49. Data on accidents
14. Meeting held and Attendance	**9. Research and development Information**
15. Educational qualifications of the directors	50. Description of Research and development projects
16. Experience of the directors	51. Corporate policy on Research and development
17. Position or office held by executive directors	**10. Future Forecast Information**
18. Other directorship held by executive directors	52. Market share forecast
19. Remuneration of the directors	53. Future cash flow forecast
4. Financial Information	54. Sales forecast
20. Amount and sources of revenue	55. Profit forecast
21. Sources of raw materials	56. Compared former earnings forecast date
22. Dividend payout policy	57. Compared former sales forecast date
23. Retained earnings	58. Capital expenditure and R &D expenditure forecast
24. Unit selling price	**11. Share price Information**
25. Growth in units sold	59. Sales amount changes and explanations
26. Foreign currency information	60. Operating income changes and explanations
27. Intangible assets break-down	61. Gross profit changes and explanations
28. Policies regarding the amortization of intangible assets	62. Accounts receivables changes and explanations
5. Financial Review Information	63. Inventory changes and explanations
29. Liquidity ratios	**12. Social Responsibility Information**
30. Debt / equity ratio	64. Information on safety measures
31. Return on capital employed	65. Environmental protection programs
32. Return on shareholders' equity	66. Information on community services
33. Net tangible assets per share	**13. Graphic Information**
34. Dividend per ordinary share for the period	67. Graphic presentation of financial information
35. Effects of inflation on future operations- qualitative	68. Graphic presentation of non- financial information
36. Effects of interest rates on results	