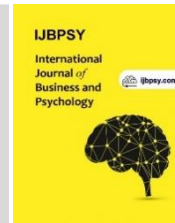


International Journal of Business and Psychology**Vol.1 Issue 1****Relationship between Culture, Corporate Governance and Voluntary Disclosure of Information: Evidence from KSE-100 Index**

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*Government College University Faisalabad, Pakistan**Corresponding author Email: m_naveedahmad@hotmail.com***Abstract**

The intension of this study is to reduce the asymmetry information and agency conflicts for the smooth functioning of the Pakistani corporations. To determine the relationship between culture, corporate governance and voluntary disclosure of information. Data was gathered from annual reports of Karachi Stock Exchange 100-index during the period of 2010 to 2014. Culture (Education) corporate governance, ownership structure taken as independent variables. Firm specific characteristics used as control variables. Voluntary disclosure of information as a dependent variable, to measure disclosure by developing the index. Correlation matrix, full and reduced regression models were applied to test the estimations. Findings of regression model indicates that two corporate governance variables cross-directorship was positively associated with voluntary disclosure and significant at 5% level and chairperson with cross directorship was negatively associate and significant at 10% level. Results indicate that multiple listing companies in Pakistan were negative associated with disclosure and significant at 1% level. Results shows that cross directorship and chairperson with cross directorship both where significantly transparent in their dealings and provide their expertise for encourage the voluntary disclosure of information. Findings proves helpful for the government, management, investors, creditors and other stakeholder's i.e. tax authorities, financial institutions and customers could get essential information about voluntary disclosure of information in Pakistani listed companies.

Keywords: Voluntary Disclosure, Corporate Governance, Culture Characteristics.

Cite this paper as

Ahmad, M., Wakeel, H., & Anees, M. (2019). Relationship between Culture, Corporate Governance and Voluntary Disclosure of Information: Evidence from KSE-100 Index. *International Journal of Business and Psychology*, 1(1) Pakistan. *International Journal Of Business And Psychology*, 1(1), 13-30.

INTRODUCTION

There are numerous problems which are faced by developing countries like weaker legal power underdeveloped and doubts about economic, asymmetric information, regularly government involvement, agency conflicts and investor protection. These mechanical features attached with bad performance of a company, a majority of countries focused shareholding and regulatory ownership demand effective corporate governance (CG). Yet, in the developing world the problem of (CG) has received insignificant devotion. In estimating the (CG) observes in all over the world lack of information i.e. in the past big failure such as in the financial statement Enron leaks the bad standard the disclosure and distinction the importance of release feature in body of main research stream. Our study is important in enhancing knowledge and understanding of Culture, Corporate Governance and disclosure in Pakistan. It explores and determine the factors, which affect voluntary disclosure, in order to improve the role of disclosure in Pakistani business environment and our research proves helpful for tax authorities, financial institutions and customers can get essential information about voluntary disclosure in Pakistani companies' annual reports.

Disclosure is regarded as an important mechanism for supporting shareholder and management interest (Hermanson, 2000; Bushman and Smith, 2001; Healy and Palepu, 2001). The degree of disclosure is influenced by fluctuating in the attitudes in society behavioral factors and economic factors such as the specific corporate culture. The agency theory suggests that companies increase disclosure in order to eliminate conflict between managers and shareholders.

Corporate governance disclosure is a fundamental theme of the 'modern' corporate-regulatory system, which encompasses providing 'governance' information to the public in a variety of ways. Users of financial reports seek more information about the corporate financial position, and therefore, voluntary disclosure is considered one of the important disclosure channels that provides more information.

Understanding the role of culture in corporate governance has become a subject of growing importance. According to Hofstede (2001) culture is the collective programming of the mind that distinguish that the member of one group or category of people from another. Values are considered as the most important part of culture. To understand a culture thoroughly, it is necessary to understand its cultural values. Values form attitudes which shape the people's actions. The quality of corporate governance depends upon the effective interaction and negotiation among related parties. Culture plays an important role in creating a fertile negotiation among people. (Cheung and Chan, 2008).

Accounting is a socio technical action includes the collaboration of both human and non-human resources, accounting practice not be culture free (Violet, 1983), specifically in the case of disclosure. Annual reports are considered as a communication tool to interconnect corporate information with stakeholders, outsiders and other parties (Barko, Hancock & Izan, 2006). Financial reports contain information which help in identifying the financial position of the company, structural and financial picture of the corporations and show the operation to the stakeholders.

Main objective of our research in Pakistan is to introduce the normal monetary report enough information to satisfy accounting standards. However, several firms exceed the necessary revealing needs of their company annual reports give a lot of information. The explanation for this behavior is feasible by the corporate from voluntary revealing to realize the expected advantages (Dedman et al. 2008).

Objectives

1. To examine the relation between Corporate Governance Characteristics and disclosure.

2. To examine the relation between Ownership Structure and disclosure.
3. To examine the relation between Culture and Disclosure.
4. To examine the relation between Firm Specific Characteristics and disclosure.

LITERATURE REVIEW

Leader Secure Base Support and Proactive Workplace Behavior

Cooke (1992) corporate yearly reports in Japan to examine the degree of financial release to calculate whether the sum of independent variables on affect levels of release. Sample used in this study consist of 35 registered yearly reports of Japanese companies. To test the assumption a multiple linear regression model was used. He found the registered status and size was vital descriptive variable. Moreover, industrial companies were searching to reveal meaningfully additional data than the other kinds of the Japanese firms. A communication among reference status and industry type and was also found to be substantial.

Haniffa and Cooke (2002) inquired in their Malaysian study disclosure, corporate governance and culture. They looked into the importance of different cultural (race and education) and corporate governance features, moreover to add firm-specific features and determinants of voluntary release of non-accounting and mandatory knowledge They found from regression analysis that the five percent affiliations of two corporate governance variables (chairperson which was a non-executive director and superiority of family member) disclose of information.

A study undertaken by (Haniffa and Cooke, 2005) to inspect the possible influences of the culture growths, social CG disclose of information. History of directors and shareholders was used as a proxy to measure the culture. A sample size of 167 was taken from the annual reports of (1996-1997). Result showed by using correlation and multiple regression analysis, the authors found major association among boards controlled by the Muslims directors and companies social disclose of information of board controlled by the foreign ownership chairperson with the various directorship and the executive directors. Industry type, firm size, profit and multiple listing status were significantly associated regarding to companies social disclose to the supervising of gearing. Empirically examined the relationship among degree of the family possession and panel freedom with the effect independent chairman and scope of voluntary disclosure and by Chau and Gray (2010). Sample was used of 273 registered companies in the Hong Kong for the period 2002, outcome of this sample the meeting of the interest result main and the choice of volunteer expose was comparatively little at modest to low degree of the family shareholding less or 25%. The higher degree of the family shareholding 25% or more.

Al-Shammari and Al-Sultan (2010) inspected in their study relation among features of CG and voluntary disclose in the KSE registered corporations of 170 yearly reports for the period of 2007. By using univariate and multivariate regression analyses including OLS to inspect the relation among these features and disclose voluntary in annual reports. They showed in their study that in the existence of a voluntary committee of audit was positively and significantly linked with the level of disclose voluntarily, furthermore analyzed that there was strongly control the size of the company, type of auditor monitoring, leverage and membership of the industry. Additionally, showed to expand transparency of market of Kuwait over further boundaries on the features of CG. authors Also believed that these outcomes would prove valuable for the executive committee, investors, creators of statements of finance and for the accounting information users like stakeholders might refer these results for recognize the betterment of the Kuwaiti firms which could altering their portfolio investment.

In their study undertaken by Yasser, Entebang and Mansor (2011) examined the association among two firm performance measures (profit margin, PM return on equity, 4 vital CG tools (board size, role duality, audit and ROE) by using the sample of Pakistani 30 registered companies from the period 2008 and 2009. The outcomes showed positive association among PM & ROE and 3 CG tools (board size, audit committee and composition of the board). The consequence suggest, board must be accurate combination of non-executive and executive directors and size of the board must be limited. However, operations measures (PM and ROE) and Chairman Contrast were irrelevant relationship among these two.

Otchere, Bedi and Kwakye (2012) explored the understanding of future development of the disclosure understanding of disclosure applies, check the correlation among company disclosure and CG practices in the GSE. The authors were applied regression model to create relation among the business exposure and business control of twenty registered firms which covered the duration 2003 to 2007. Outcomes stated that development in disclosure with the passage of year and the extent of disclosure practices in the Ghana was moderate. Authors found that there was a positively significant relation among the existence of accounting skills on the corporate disclosure practices and audit committee.

As per study conducted by Sehar, Bilal and Tufail (2013) investigated the elements influencing on volunteer disclosures in yearly reports of registered firms in Karachi stock exchange of Pakistan. The file that depends on strategic information non-financial and financial. Recent information of the 372 manufacturing firms of Pakistan in the period of 2012 describe the degree of voluntary expose was calculated by collected for discovering elements of voluntary information. In instruction to attained robust outcomes analysis of regression, the tests of diagnostic were practical. Positive and significant relationship company features; age, success, size of the firm, and size of the auditor with voluntary revelation found in their study that although had negative and significant association among leverage. According to Authors opinion study must be very useful for creditors, shareholders, and FM in taking the decisions around volunteer disclosure of information in yearly reports for decision making.

In Bangladesh the grade of voluntary release of non-financial information to yearly reports of registered banks measured by Arif and Tuhin (2013). Sample was taken from December 31, 2012 from 30 listed companies on Dhaka Stock Exchange (DSE) in Bangladesh. Disclosure index had been used to assessment the extent of expose of an unweighted 48 items, judge the influence of individually independent variable on the dependent variable. Ordinary Least Square (OLS) regression was used. The study description that with average score of about 62% most of the listed banks of Bangladesh were making satisfactory level of disclose voluntary. The results also indicated that out of three company specific features, age and size in explaining the level of voluntary release were substantial.

Combs, Samy and Machina (2013) looked into cultural impact according to the IFRS and coordination of Russian accounting standard. Data was collected under harmonized Russian accounting attributes. They found that culture scope including uncertainty escaping, power distance, had at high rank and for the improvement of underwritten Russia accounting standard at the end suggested that these associations were for uniformity, statutory control, secrecy and conservatism.

Hypotheses of the study

This study examines the relationship between culture corporate governance and disclosure under the following null and alternative hypothesis:

H1: There's a positive relationship between percentage of non-executive directors in the board and voluntary disclose of information.

H2: There's a negative relationship between percentage of family members in the board and voluntary disclose of information.

H3: There's a negative relationship between role duality and voluntary disclose of information.

H4: There's a positive relationship between a non-executive chairperson and voluntary disclose of information.

H5: There's a positive relationship between percentage of board of directors with cross-directorships and voluntary disclose of information.

H6: There's a positive relationship between a chairperson with cross-directorships and voluntary disclose of information.

H7: There's a positive relationship between percentages of directors on the board qualified in business or accounting and voluntary disclose of information.

H8: There's a positive relationship between a finance directors qualified in accounting / finance and voluntary disclose of information.

H9: There's a positive relationship between the firm size and voluntary disclose of information.

H10: There's a positive relationship between geared firms and voluntary disclose of information.

H11: There's a positive relationship between structural complexity and voluntary disclose of information.

H12: There's a negative relationship between ratio of assets in place and voluntary disclose of information.

H13: There's a positive relationship between diffusion of ownership and voluntary disclose of information.

H14: There's a positive relationship among a higher percentage of shares control by foreign investors and voluntary disclose of information.

H15: There's a positive relationship between a high percentage of shares control by institutional investors and voluntary disclose of information.

H16: There's a positive relationship between profitability and voluntary disclose of information.

H17: There's relationship between type of industry and voluntary disclose of information.

H18: There's a positive relationship between multiple listing position and voluntary disclose of information.

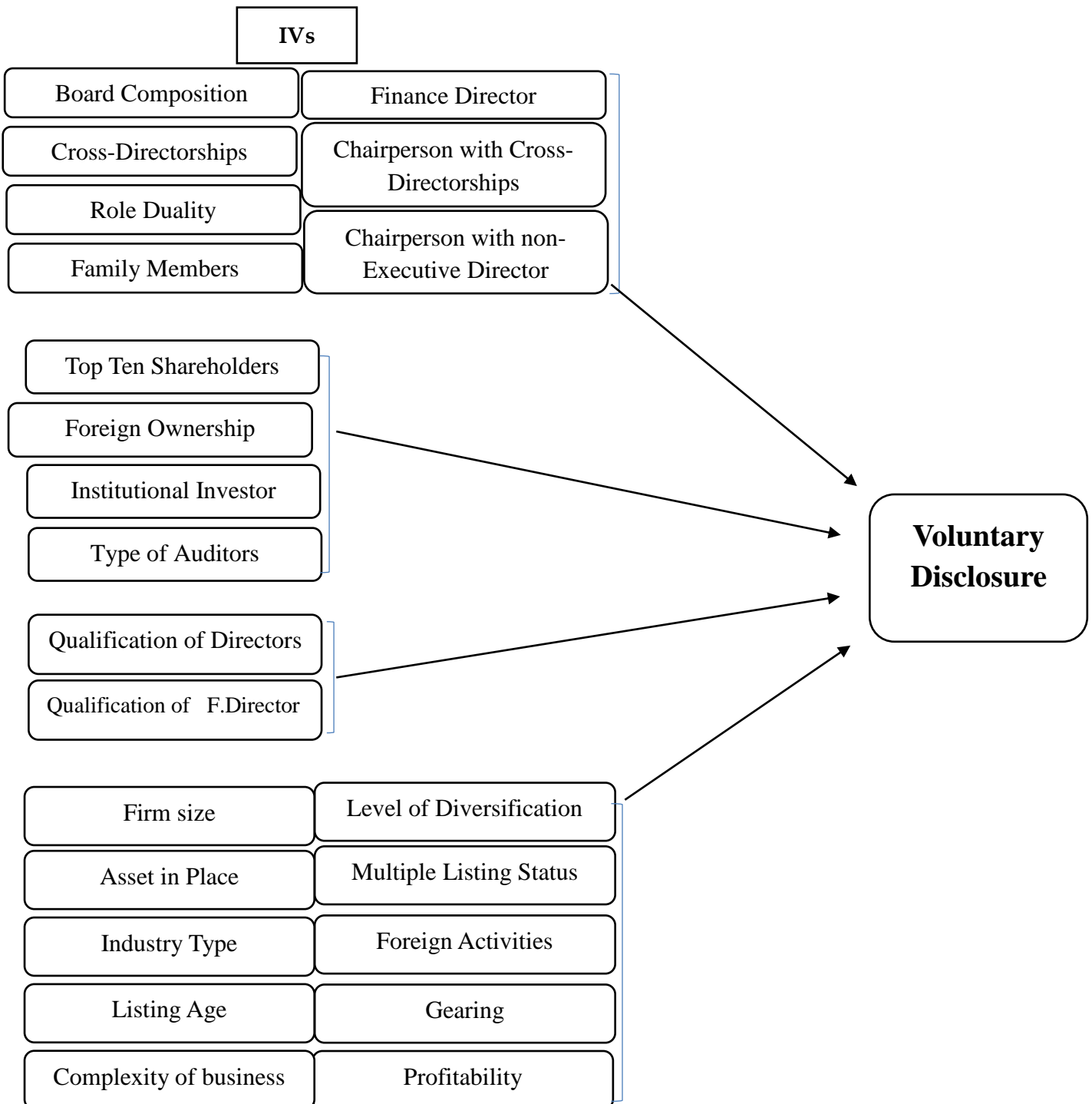
H19: There's a positive relationship between largely audit companies and voluntary disclose of information.

H20: There's a negative relationship between listing age of firms and voluntary disclose of information.

H21: There's a positive relationship between companies associated in foreign activities and voluntary disclose of information

Research Framework

In the earlier studies as per the theoretical and empirical review the voluntary disclosure was under the controversy discussion by the researchers. Researchers only strived to check the relation between CG have significantly influenced on the extent of voluntary disclosure but at a limited size of studies and also exclusively the nonfinancial dimensions.



MATERIAL AND METHODS

Secondary data was gathered from KSE 100 Index Company's official's websites and other sources to make the analysis for the study. We focused on KSE 100 index of all financial and non-financial firms for the period of 5 year spanning from 2010 to 2014. By using panel data with 462 observations. Unfortunately, the study collected data of 93 firms due to weaker Pakistani financial system while remaining seven firms had not published their financial statements.

Multiple regression analysis including Full and Reduced regression analysis were performed to check the variability between cultures, corporate governance and disclose of voluntary information and Pearson correlation coefficient matrix was also applied to check the relation among dependent and independent variables. Normality test which is based on skewness and kurtosis also applied.

The data given will be tested using the following regression model:

$$DINDEX = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_{28} X_{28} + \epsilon \quad (i)$$

β = parameters, ϵ = error term, i = observations

Where DINDEX = Disclosure of Voluntary information

X1; if duality role in company then score 1, otherwise 0.

X2; if non-executive independent directors as chairperson in company then score 1 otherwise 0.

X3; if CEO with cross directorship in company then score 1, otherwise 0.

X4; if skilled finance director in business/accounting then score 1, otherwise 0.

X5; if skilled board in business then 1, otherwise 0.

X6; if oil & gas industry then score 1, otherwise 0.

X7; if consumer sector then score 1, otherwise 0.

X8; if electrical industry then score 1, otherwise 0.

X9; if manufacturing industry then score 1, otherwise 0.

X10; if chemical industry then score 1, otherwise 0.

X11; if technological industry then score 1, otherwise 0.

X12; if construction industry then score 1, otherwise 0.

X13; if services industry then score 1, otherwise 0.

X14; if company registered in multiple then score 1, otherwise 0.

X15; if top 6 audit companies then score 1, otherwise 0.

X16; if foreign activities then score 1, otherwise 0.

X17; Ratio of non-executive independent director/ total no. of directors.

X18; Ratio of family members /total no. of directors on the board.

X19; Ratio of cross directorship with director total director.

X20; Firms total assets. (Proxy Firm Size)

X21; if gearing company then score 1, otherwise 0.

X22; if subsidiary company (Proxy of Complexity of Business)

X23; Total assets (Asset in Place Proxy)

X24; Ratio of top ten shareholders/total no. of share issued

X25; Ratio of foreign investor /total no. of shareholders.

X26; Ratio of institutional investor/ total no. of shareholders.

X27; ROE (Proxy for Profit)

X28; Age of listing company.

Operational Definitions of Variables

Corporate Governance

Board composition domination of Non-Executive Directors

This is the first independent variable composition of board refers to no. of outside director divided by total no. of directors in relations of companies expose composition of board is considered an motivating variable such as it indirectly focus on the role of non-executive directors if they actually work out on their monitoring role then more disclosure is assumed.(Jensen and Mackling,1976; Jenson and Fama,1983; McNulty and Pettigrew,1995; Mak,1996, Haniffa and Cooke, 2002) supported that domination of Non-Executive director in the composition of board.

Board composition domination of family member

Family member occurrence in composition of board have impact on expose performs. (Nicholls and Ahmed, 1995) suggested that those countries where family members are important capital holders, the person who own and manage capital must be separated it is measured by the ratio of family member on the board divided by total no. of directors.

Duality role

Role duality is important exploratory independent variable which defined as the CEO is also the Chairperson of the board. (Agency Theory,1976; Forker,1992) in their study suggested that separation of the two roles to deliver necessary checking of management performance.in this study it is used as dummy variables and measured by 0 and 1.

Position of CEO

In increasing the effectiveness of board, the position of chairperson thought to be important variable. (Donaldson and Davis, 1991; Richler and Dalton, 1991; Smith and Berg, 1978) studied that independent Non-executive CEO enhances company reputation. Used as dummy variable measured by 0 and 1.

Cross directorship of board members

Cross directorship defines as in term of CG that executive and non-executive director sit on more than one board (Dahya et al., 1996; Cooke, 2002) suggested that information becomes more transparent on the base of expertise of other organizations. Estimated by percentage of director on the board with cross directorship to other companies is divided by total no. of directors.

Chairperson with cross directorship

It is important variable in this study when CEO cross director ship offer additional disclose of information depends on the personal knowledge and experience of other company (Haniffa and Cooke 2002). It is dummy variable measured by 0 and 1.

Culture

(Harris,1987, p.6) define culture is the well-educated socially developed civilizations and life style of the individuals of a society containing their patterned, different way of thoughts, emotions and actions.

Education of BOD

It is important variable connected to culture and most vital element of revelation practices due to educated managers involved in advanced activities and accepts uncertainty (Grace et al., 1992; Gray 1995; Haniffa and Cooke, 2002). It can be measured by ratio of director qualified in accounting or business divided by total no. of director on the board.

Education of Finance Controller

Finance controller academic background is essential because they are responsible for developing rarely report according to the accounting principle of the (Roberts and Abayo, 1993; Nicholls, and Ahmad 1994) a dummy variable measure by 0 and 1.

Firm Specific Characteristics

This can be divided in three categories. 1. structure related 2. Market Related 3. performance related Structure includes asset in place, ownership structure, diversification, complexity as well as size on the other hand performance involves profitability and last one market related were listing status, auditor type, listing age foreign activities and listing status.

Structure Related Variables

Size

It is considered an important variable because it helps to increase capital at the lowest cost (Choi, 1973). (Raffournier, 1995; Haniffa and Cooke 2002; Mahmud-Hossain et al., 2007; Saher, Bilal and Tufail, 2013) previous research related to that studies. It is measured by natural log of total assets.

Gearing

It is important exploratory variable studied by (Wallace et al., 1994; Low and Jaggi, 2000, Haniffa and Cooke, 2002; Srinivasan and Palepu, 2004). It is measured by total debt divided by total asset.

Complexity of business

Consider an important exploratory variable with the level of voluntary disclosure of information studied by Haniffa and Cooke, 2002). It is measured by actual no. of subsidiaries.

Assets in place

Important exploratory variable which refers to the amount of fixed assets in regarding to the total asset owned by companies it is studied by (Myers, 1977).

Ownership Structure

Top ten shareholders

Type and diffusion of capital ownership considered the essential variable in understanding the voluntary disclosure of information. Previous study conducted by (Hossain et al., 1994; Raffournier, 1995). in this study it is measured by percentage of total share owned by top ten shareholders divided by the total number of issued shares.

Foreign Ownership

When high percentage of shares owned by foreign investors demand of disclosure would increase studied by (Taylor and Craswell, 1992; Haniffa and Cooke, 2002). It is measured in this study with the ratio of total shares owned by foreigner's divided by total number of issued shares.

Institutional investors

Rather than the shareholding of foreigner owners, institutional investors to play important role with the release of information and reduced asymmetry information studied by (Diamond and Verrecchia, 1991). It is measured by ratio of total shares owned by institutional investors is divided by total number of issued shares.

Performance related Variable

Profitability

It is considered the important control variable to measure the performance. (Naser Wallace and Mora, 1994). It is measured by ROE.

Market Related Variables

Industry Type

Various industry having different the level of disclosure in the companies studied by (Cooke, 1992; Haniffa and Cooke, 2002).

Multiple Listing Status

Those companies who are registered their domestic capital market to meet the

international rules companies release more information and to gain the funds on reasonable terms regarding various previous studies are conducted by (Cooke, 1989; Haniffa and Cooke, 2002; Gray et al., 1995), which is measured by domestic only vs domestic and foreign listing scored 1 if involve both otherwise consider 0.

Type of Auditor

Type of auditor is considered as the important exploratory control variable. firm audit size regarding the leak of information. Large six review companies (used as a proxy for the big audit firms) impact companies to release surplus information because these companies have higher experience and knowledge studied by (Ahmed and Nicholls, 1994; Cooke, 2002; Saher, Bilal and Tufail, 2013). It is measured by big Six vs. non-big six audit firms.

Listing Age

Listing age is defined as the length of time of corporations registered on equity market must be related for defining the changes in the release of information which is suggested by (Choi, 1973; Spero, 1979).

Foreign Activates

Companies which are included in international activities release higher information because having greater skill in managing and spreading the information studied by (Haniffa and Cooke, 2002). Is used as a dummy variable in this study and score 1 if having business in foreign otherwise 0.

Dependent Variable

DISCLOSURE

Preparation of Checklist

In simple words disclosure is define as the releasing of all related information concerning to a company which may influence on investment decision or in other words disclosure means to provide available information of discretions of companies.by the effective disclose of information of CG practices Company's growth and profitability increase. (Hermanson, 2002; Healy and Palepu, 2001; Bushman and Smith, 2002) suggested that disclosure is a key element to supporting management and shareholder interest. (Wallace, Naser and More, 1994; Lobo and Zhou, 2001; Hossain, 2001; Mohammed and Hammami, 2009) suggested that profitability of firms can be increased by disclosure. To calculate the voluntary disclosure firstly index is prepared, secondly, a scoring sheet is preparing for calculating the index of each company, which is beyond the IFRS, ICAP, Codes of CG 2012, company ordnance 1984 and stock exchange listing rules requirements and eliminate the mandatory items. A revelation checklist is prepared on the bases of preceding research accepted by (Hossain et al., 1994; Soh, 1996; Hossain and Hammami, 2002) which provided in the appendix 2 and also applicable according to the Pakistani environment. Total disclosure checklist contains of 25 items and scoring sheet plotted on 93 companies. (See appendix1)

Calculating the DINDX and items

Dichotomous is essentially to counting the items in which each element contains score 1 if disclose and zero if not and not enforced penalty if items are regarded as irrelevant. To avoid biasness reading entire annual report before taking any decision (Cooke 1992, 1996 and 2002; Sehar, Bilal and Tufail, 2013). All items of disclosure are equally scored, to gain a final score of every company. Formula of disclosure index for each company is calculated as follows

Disclosure index = Sum of each item score / Total no of items

RESULTS ANALYSIS

This study checks the relation between culture, corporate governance and disclosure of all the companies through annual report of KSE-100 index for the period of 2010-2014 (see Appendix)

Correlation Matrix

To test the relationship among disclosure, corporate governance and firm specific characteristics by applying the Pearson Correlation Coefficient Matrix in table3.

Table results shows that listing age value against with the Firm Size (FS) is -0.031 which indicate that significant at 5% level but negatively correlate. Gearing, Profitability, Foreign ownership with their values 0.000, 0.038, 0.078 having positive relation but significant at 1%, 5% and 10% respectively with the firm size. Subsidiaries, Top ten shareholders having values 0.043, 0.054 are positively correlated respectively but significant at 5% level. Family members on the board -0.021, Disclosure index-0.050 both have negative relation but 5% significant with firm size. Board composition value 0.054 is positive relationship and significant at 5% level. Top ten shareholders and Disclosure index both have negatively correlate and significant at 5%. Top ten shareholders -0.023 is significant at 5% level and negative relationship with listing age. Board composition and family members on the board value is -0.002, -0.009 shows that negative correlation but at 1% significant level. Disclosure index value 0.001 shows 1% significant and position relationship with listing age. Institutional ownership, foreign ownership, Board composition and Disclosure index with their values 0.047, 0.044, 0.043, and 0.035 having positive relationship but significant at 5% level. Gearing -0.017 is significant at 1% level but shows negative relationship with profit. Subsidiaries, Family member on the board with against of profit -0.064, -0.066 is negative correlate but at 10% significant level. Institutional ownership, Top ten shareholders, Family members on the board 0.034, 0.038, 0.056 all having positive relationship and at a 5% significant level with gearing. Foreign ownership, Board composition, Qualification of board of directors and disclosure are negatively correlate and significant at 5% level. Institutional ownership, Qualification of board of directors values are 0.087, 0.102 shows positive relationship but significant at 10% level. Board composition, Disclosure index values shows that both have negative correlate but significant at 5% and 1% level respectively. Family members on the board and Disclosure index are negative relationship and significant at 10% level. Foreign ownership value is 0.088 negatively correlate but at 10 % significant. Top ten shareholders 0.013 is positive and significant at 1% with institutional ownership. Top ten shareholders and Board composition with their values -0.037 and -0.043 shows negative but significant relation at 5%. Qualification of board of directors, Disclosure index 0.009, 0.016 are positive and significant at 5% level. Board composition and Disclosure index with their value are 0.024, 0.010 positive correlate but significant at 5% and 1% respectively. Qualification of Board of directors, Disclosure index values 0.109, 0.037 have positive relationship but significant at 10% and 5% level with board composition. Qualification of board of director and Disclosure index -0.0018, -0.060 both are negative relationship but significant at 1%, 5% respectively. Disclosure Index with Qualification of board of directors -0.134 is insignificant and negative correlate.

Insert Table 3 here

Full Regression Model (OLS)

Table 4 prescribe the full regression results with all (28) variables. Two corporate governance shows significant. Results shows that Cross-directorship have positive relationship with voluntary disclosure of information and low significant at 10 percent level which accept our hypothesis 5, previous research conducted by (Dahya et al., 1996; Cooke, 2002) commented in favor interlocking relationship provide insight additional window based on their personal experience of other companies involved in voluntary disclosure of information to maintain their company's reputation.

Chairperson with cross-directorship is moderate significant at 5 percent level but the value of co-efficient is -0.102 shows the negative relationship this reveals that chairperson in spite of knowledge and experience of handling gain from other companies disclose less information is contrary to our expectation which reject our hypothesis 6 Haniffa and Cooke (2002) suggested that CCDIR disclose additional information based on their personal knowledge and experiences of cross-directorship of other companies.

In spite of our strong expectations none of the culture variable (Education of BOD and Finance director) finds to be significant with the voluntary disclosure of information. Firm specific variable use as a control variable table shows that multiple listing status (MLS) is at high level of significant (1 percent) but negative correlate with the disclosure. Which is contradicting of our expectation reject the hypothesis and also the previous study suggested (Cooke, 1989; Haniffa and Cooke, 2002) that to meet the foreign rules and regulation to disclose more information to satisfy investors and obtain funds at reasonable conditions (Gray et al., 1995).

Table 4: OLS Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.944474	0.181893	5.192465	0.000
BCOMP	-0.061386	0.187716	-0.327015	0.7438/0.0012
FBOD	-0.037929	0.033598	-1.128914	0.2596
FAMBOD	-0.110571	0.080324	-1.376551	0.1694
DROLE	0.074245	0.055422	1.339629	0.1811
CNEDIR	0.008652	0.035262	0.245372	0.8063
CCDIR	-0.102977	0.052498	-1.961551	0.0505**
CROSDIR	0.144717	0.086181	1.67922	0.0938*/0.0215
QUABDIR	-0.151625	0.103844	-1.460122	0.145
QUAFDIR	0.023277	0.036367	0.640056	0.5225
FS	-0.005726	0.007764	-0.737542	0.4612
GEARING	-0.002432	0.00703	-0.345907	0.7296
SUBSIDR	0.002906	0.007149	0.406509	0.6846
AIP	-0.071298	0.055591	-1.282557	0.2003
TOP10	0.015268	0.07913	0.192952	0.8471
FOREOWN	0.091485	0.183502	0.498551	0.6183
INSTOWN	-0.27141	0.250163	-1.084932	0.2786/0.0086
PROFT	0.0635	0.073278	0.866557	0.3867
CONSUMER_I	-0.030154	0.062842	-0.479846	0.6316

MANUFACT_TRANS_I	-0.076088	0.05944	-1.280085	0.2012
OANDG_I	0.052992	0.059494	0.890721	0.3736
SERVICE_I	-0.035863	0.063068	-0.568632	0.5699
TECHNOLOGY_I	-0.002389	0.109937	-0.021731	0.9827
CHEM_I	-0.079531	0.056956	-1.396368	0.1633
CONST_I	-0.022372	0.066892	-0.334449	0.7382
MLS	-0.13892	0.054131	-2.566375	0.0106***
AUDITCOM	-0.053375	0.049191	-1.085038	0.2785
LAGE	0.000982	0.000985	0.996976	0.3193
FACTI	-0.008554	0.037821	-0.22617	0.8212
R-squared	0.092508		Mean dependent var	0.701385
Adjusted R-squared	0.033825		S.D. dependent var	0.287338
S.E. of regression	0.282436		Akaike info criterion	0.369987
Sum squared resid	34.54053		Schwarz criterion	0.629578
Log likelihood	-56.46693		Hannan-Quinn criter.	0.47219
F-statistic	1.576395		Durbin-Watson stat	2.281866
Prob(F-statistic)	0.032725	N		462

***, **, * are statistically significant at 1%, 5%, 10% level respectively. Note; in full regression model include all 28 variables. Corporate Governance dummy variables include DROLE Role duality and CCDIR Chairperson with cross-directorship. Culture dummy is QUABDIR Qualification of directors. Firm specific variables dummies include Consumer, Manufacturing, Oil and gas, Services, Technology, chemical, Construction and Electrical industries in Pakistani KSE listed companies. The excluded dummy variable for industry type is electrical which act as a bench mark for included dummies.

Reduce Regression Model (OLS)

In table 5 applied Ordinary Least Square Model by taking eighteen variables, results of reduced regression model show that one corporate governance variable Chairperson with cross directorship (CCDIR) is negative relationship between voluntary disclosure of information and at low 10 percent level of significant which correlate with full regression model results (see table 4), but contrary previous researches (Cooke, 2002).

Table results shows that Chemical industry is control variable negatively associate shows that disclose less information but significant at 10 percent level which oppose previous researches results by (Whittred and Zimmer, 1990; Cooke, 1992; Ng and Koh, 1994; Haniffa and Cooke, 2002) suggested that highly structured companies to maintain goodwill and to enhance the performance involved in higher voluntary disclosure of information.

Table 5: Reduced Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.097548	0.154785	7.090789	0.000
FAMBOD	-0.085131	0.075512	-1.127387	0.2602
CNEDIR	0.011093	0.03252	0.34113	0.7332
CCDIR	-0.075366	0.044017	-1.712188	0.0876*
FS	-0.011733	0.007469	-1.570981	0.1169
AIP	-0.059132	0.055049	-1.074164	0.2833
PROFT	0.077126	0.073062	1.055614	0.2917
SUBSIDR	0.001567	0.006417	0.244215	0.8072
INSTOWN	-0.338684	0.231345	-1.463981	0.1439
FOREOWN	0.030213	0.162468	0.185961	0.8526
TOP10	-0.005524	0.074552	-0.074098	0.941
AUDITCOM	-0.051038	0.047653	-1.071035	0.2847
CONSUMER_I	-0.052802	0.058495	-0.902675	0.3672
MANUFACT_TRANS_I	-0.071785	0.056595	-1.268401	0.2053
OANDG_I	0.082334	0.056184	1.465423	0.1435
SERVICE_I	-0.029944	0.057165	-0.523822	0.6007
TECHNOLOGY_I	0.075959	0.105121	0.72259	0.4703
CHEM_I	-0.096907	0.052599	-1.842366	0.0661*
CONST_I	-0.023964	0.064962	-0.368897	0.7124
R-squared	0.05747	Mean dependent var		0.7014
Adjusted R-squared	0.019173	S.D. dependent var		0.2873
S.E. of regression	0.28457	Akaike info criterion		0.3646
Sum squared resid	35.87411	Schwarz criterion		0.5347
Log likelihood	-65.21779	Hannan-Quinn criter.		0.4315
F-statistic	1.500647	Durbin-Watson stat		2.2002
Prob(F-statistic)	0.085005	N		462

* is statistically significant at 1% level.

Note: In reduced regression model including eighteen variables and one is dependent variable. Excluded dummy is Electrical.

CONCLUSION

This provides conclusion of our study, policy implications, limitation, recommendations and future direction of the study.

This study identified the relationship between culture, corporate governance and voluntary disclosure of information in Pakistani companies. Voluntary disclosure of information used as a dependent variable and was measured by composite voluntary disclosure checklist. Independent

variables were categories into three major parts. Corporate governance includes board composition, cross-directorship, role duality, family members on the board, chairperson as cross directorship, chairperson is non-executive director. Culture related independent variables was qualification of directors and finance director. Ownership structure related variables includes, top ten shareholders, foreign ownership, institutional ownership and auditors. Firm specific as control variables size, asset in place, listing age, industry type, complexity of business, multiple listing status, foreign activities, gearing and profitability.

Data collected from annual reports of KSE-100 index of Pakistani companies from which 7 companies excluded because data were not available so that total observations were 462 which covered a period of 5 years from 2010-2014. Multiple regression model (full and reduced) were used to test the estimations.

Findings of full regression model indicated that two corporate governance variables cross-director was positively associate with voluntary disclosure and significant at 5 percent level and chairperson with cross directorship was negatively associate and significant at 10% level. Results indicate that multiple listing companies in Pakistan were negative associate and significant at 1% level (see Table 4). Results showed that CCDIR and CROSDIR should transparent in their dealings and provide their expertise for encourage the voluntary disclosure of information.

Outcomes of reduced model (see Table 5) showed that chairperson with cross directorship also negative associate which was consistent with the full regression model results. But CCDIR in reduced was significant at 10 % level. Results implies that in industry type chemical industry in Pakistan was negatively associate with voluntary disclosure of information and at 10 % significant level, which showed that to enhance the funds at reasonable manners complete voluntary disclosure is necessary.

Policy Implications

These findings prove to be helpful for the government, management, investors, customers and creditors to enhance the stakeholder's information in KSE listed companies in Pakistan. Through which owners can get strategic information, non-financial and financial information from yearly reports for decision making. And other stakeholder's i.e. tax authorities, financial institutions and customers can get essential information about voluntary disclosure in Pakistani companies' annual reports.

Recommendations

- KSE-100 index listed firms must establish and reveal about the rules and duties of corporate board management and also clearly disclose the performance of board is monitored and evaluated.

- Listed firms must have a justifiable corporate governance board size, skills and commitment as appended in corporate governance code 2012 to ensure that their performance is being monitored.

- The management must act as morally and responsibly.

- Listed firms must have formal independently confirm and safe-conduct the truthfulness of reporting. Listed firms must ensure about timely balanced disclosure of all the affairs relating to it that a rational individual would presume to have a considerable influence on value or price of its shares or securities.

- Listed firms must establish a comprehensive framework of risk management and assess its effectiveness from time to time for good reputation and recognition of the company.

- The most important recommendation is that the firms must pay a sufficient amount of

remuneration to attract and hold the high caliber directors to plan their remunerations increments motivate them and align their interests with the creation of value for all stakeholders of the firms.

Future Direction

Our work was limited relating to cultural characteristics only include director and finance director education which needs to be expanded, should add more variables for future research like qualification of chartered accountant and proportion of Muslims and non-Muslim directors on the board and also increase study span.

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Table 3: Correlation Matrix

Variables	FS	AIP	LAGE	PROFT	GEARING	SUBSIDR	INSTOWN	FOREOWN	TOP10	BCOMP	FAMBOD	QUABDIR	DINDEX
FS	1												
AIP	-0.248	1											
LAGE	-0.031**	-0.029	1										
PROFT	0.038**	-0.085	-0.021	1									
GEARING	0.000***	0.018	0.027	-0.017***	1								
SUBSIDR	0.043**	-0.116	0.353	-0.064*	-0.063	1							
INSTOWN	0.141	-0.264	0.074	0.047**	0.034**	0.087*	1						
FOREOWN	0.078*	-0.214	0.148	0.044**	-0.027**	0.170	0.088*	1					
TOP10	0.054**	-0.107*	-0.023**	0.118	0.038**	0.111	0.013***	-0.037**	1				
BCOMP	-0.176	0.054**	-0.002***	0.043**	-0.034**	-0.048**	-0.251	-0.043**	0.024**	1			
FAMBOD	-0.021**	0.127	-0.009***	-0.066*	0.056**	-0.199	-0.096*	-0.237	-0.239	0.122	1		
QUABDIR	0.117	-0.119	0.130	0.006***	-0.023**	0.102*	0.254	0.009***	0.220	0.109*	-0.018***	1	
DINDEX	-0.050**	-0.043**	0.001***	0.035**	-0.028**	-0.011***	-0.083*	0.016***	0.010***	0.037**	-0.060**	-0.134	1

***, **, * are statistically significant at 1%, 5%, 10% levels, respectively.

DINDEX indicate Disclosure Index