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CORPORATE GOVERNANCE AND DIFFERENT TYPES OF VOLUNTARY DISCLOSURE: EVIDENCE FROM COMPANIES LISTED ON THE STOCK EXCHANGE INDONESIA

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Abstract: *The globalization phenomenon of stock markets and convergence of accounting standards has increased the interest of the capital market to improve information beyond what is mandatory or voluntary disclosure to assist the decision making process. However, the decision to disclose information is often based on considerations of personal wealth management. Coupled with the voluntary nature of the guidelines for the implementation of good corporate governance practices can lead to differences in voluntary disclosure that rely heavily on management considerations. Thus, it is important to gain an understanding of the main motivating factors and methods of linking structures of governance and disclosure practices of management. This objective of this study is to determine the influence of the strength of the corporate governance structure on the voluntary disclosure of various types of information in the annual reports of listed companies in Indonesia Stock Exchange. Hypotheses testing based on multiple linear regression showed that the strength of the corporate governance structure has influence on the voluntary disclosure of various types of information in the annual reports.*

Keywords: *corporate governance, voluntary disclosure*

1. INTRODUCTION

The financial crisis and corporate scandals in recent years have brought the reform of corporate governance as the main agenda of regulation (Millar et al, 2005). Studies conducted by the Asian Development Bank (ADB) identifies that the main contributor of the economic crisis is due to the weak corporate governance (Zhuang et al, 2000). The financial crisis also shows the importance of the role of capital markets for the national economy. Compared to the capital markets in other countries, the Indonesian capital market has the potential for improvement and good prospects. There were 459 number of companies listed on the Stock Exchange at the end of 2012, an increase of 16.5% from the year 2007.

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The market capitalization has reached 45.18% of GDP compared with the average world market capitalization amounted to 73.92% in 2012 (OJK, 2014). Capital markets can better support each other with a stable and solid banking system. Thus the role of corporate governance is essential to ensure the capital market participants and bank managed based on the principles of fairness, transparency, accountability, responsibility and independence. The company is expected to take steps to strengthen their governance and improving corporate accountability to gain investor confidence.

Corporate governance is defined as a set of relationships between the board of the company, shareholders and stakeholders (OECD, 2004). The general principle in all corporate governance is a mechanism to facilitate the control of management and the achievement of corporate value maximization. Application of corporate governance in the management control is essential to reduce the information asymmetry between management and shareholders (Jensen, 2000). Company with better corporate governance tends to increase the incentives of management to disclose more company information for their stakeholders (Ho and Taylor, 2013). In general, the disclosure includes the reporting of financial and non-financial information, information related to directors and executives, management discussion and analysis as well as forward-looking informations. The phenomenon of globalization of the stock market and the convergence of accounting standards has increased the interest of market participants to improve information beyond the information that is mandatory, or in other word in the form of voluntary disclosure to assist the decision making process (Berradino, 2001). Voluntary disclosure is an increasingly important element in the stock market today (Schuster and O'Connell, 2006).

Lim et al. (2007) found that there is a positive relationship between the compositions of the board of commissioners with various types of voluntary disclosure in companies included in the list of the 500 best companies in Australia. However, the results of this study differ from Ghazali and Weetman (2006) who found that there was no correlation between corporate governance attributes with various types of corporate disclosure. Ghazali and Weetman (2006) also showed that there is a negative correlation between directors' ownership with disclosure of financial, strategic information, and also the disclosure of corporate social responsibility (CSR). In line with Ghazali and Weetman (2006), Hanifa and Cooke (2005) found that the composition of the non-executive directors is negatively correlated with CSR. Meanwhile Rouf (2011) found that there is a positive relationship between the proportions of independent directors with CSR. Another study by Siregar and Bachtiar (2010) found that the number of board of commissioners has positive influence on CSR in Indonesia.

Basically, corporate governance serves as a mechanism to resolve conflicts between the agency's senior management in their relationship with stakeholders (Heath and Norman, 2004). Implementation of good corporate governance is expected to encourage management to disclose more voluntary information. An increase in voluntary disclosure will reduce information asymmetry between senior management and stakeholders thus avoid opportunistic behavior of senior management. Transparency and disclosure initiatives embedded in the Code of GCG shows that companies with a governance structure that is more powerful are more likely to provide extensive information to stakeholders. Therefore, it is logical to expect that a strong corporate governance structure will encourage broader voluntary disclosure on the various types of information held by the company.

Currently, the Indonesia's Code of Good Corporate Governance issued by Indonesian National Committee on Governance (NCG) has not been widely applied in business practices in Indonesia. This is because the application of corporate governance guidelines is still voluntary and is not part of the statutory provisions. Determination of legislation on corporate governance guidelines can lead to huge implementation burden for issuers and public companies which become an inflexible approach (OJK, 2014). In addition, the ability of companies in implementing the Code also varies since not all aspects of good corporate governance can be disclosed in the company's annual report, which leads to the discrepancies in the disclosures of company information. The decision to disclose information is often based on the considerations of management's personal wealth (Watts and Zimmerman, 1990) and the voluntary nature of the implementation of corporate governance guidelines may lead to differences in the practice of voluntary disclosure by companies which rely heavily on management's judgment.

Previous studies have tried to examine the relationship between the various attributes of corporate governance with voluntary disclosure as well as factors that affect the level of voluntary disclosures. However, very few studies have examined the relationship between the strength of corporate governance structure on the disclosure of the various categories of information such as voluntary disclosure of financial information and capital markets, the directors and senior management information, forward looking statement, and information on corporate social responsibility (Ho and Taylor, 2013). Inconsistency results of previous research and studies that examine at least the strength of the correlation structure of corporate governance and voluntary disclosure practices on a wide range of information companies provide research gap that will be used to conduct this study.

2. LITERATURE STUDY AND DEVELOPMENT OF HYPOTHESES

2.1. Relationship Between the Strength of the Structure of Corporate Governance with Various Types of Voluntary Disclosure of Corporate Information

According to Hendriksen and Breda (2002) disclosure is defined as the provision of a number of information needed for optimal operation of efficient capital markets. The general objective of disclosure is to provide information which is deemed necessary to serve the interests of a variety of different parties. The diversity of investors and creditors has high capability in assessing the information published in the capital market. The stock market is the main means of public funds fulfillment and disclosure is aimed to protect, to inform, or to serve different needs (Suwardjono, 2010).

Companies should consider various factors in determining the amount of information disclosed. These factors include the needs of users of information and applicable disclosure standards. Based on the consideration of these factors, Hendriksen and Breda (2002: 432) classifies the level of disclosure into three types, namely:

(a) Adequate Disclosure, which is the minimum level of disclosure required by regulation that the financial statements do not mislead the user.

(b) Fair Disclosure, which is a reasonable disclosure indirectly an ethical purpose in order to give equal treatment to all users of the financial statements and provide adequate information to potential readers. Disclosures are provided in consideration that the needs of all users on the information are met.

(c) Full Disclosure, which is the level where the disclosure of all relevant information are provided by the company.

Companies can apply different levels of disclosure in accordance with the conditions need for such disclosure. Darrough (2000) suggested two types of disclosure, the mandatory disclosure and voluntary disclosure. Mandatory disclosure is the minimum disclosures required by the applicable accounting standards, while voluntary disclosure is disclosures made voluntarily by companies without required by applicable regulations. According to Chau and Gray (2002), the variables that influence the choice of voluntary disclosure is likely to be influenced by the type of information. For the purposes of this study, voluntary disclosures are divided into five types. This classification is usually used in previous studies (Barako et al., 2006; Haniffa and Cooke, 2002):

1. company and strategic information;
2. financial data and market information capital;

3. information directors and senior management
4. forward-looking information
5. corporate social responsibility (CSR)

Companies and strategic information related to the company's background, market and competition, industrial competitiveness and economic conditions and political situations that may affect the operational performance of the company. Strategic information has influence in various aspects of a company, and will ultimately affect the performance of the company (Besanko et al, 2004). Thus, strategic information is the basis of corporate disclosure in their annual reports (Ho and Wong, 2004). The survey conducted by Ho and Wong (2004) showed that the disclosure of strategic information is important for the company's stakeholders. Non-financial information often proved very fundamental to understand the opportunities and risks of investing in a company.

Information data regarding the financial and capital markets historical information presented in the accounts of the company, including key financial ratios, summary of performance of the company, wealth creation and the trends of volume of shares traded, market capitalization and share price. This quantitative information provides an overall understanding of the factors that play a role in the performance and future growth of the company and may be of particular relevance to the decision-making process. This information is the basis for the primary disclosure to investors (OECD, 2001). Information on directors and senior provide information about their qualifications, experience and position within the company.

The OECD report (2003) stated that companies in Asia generally provide little information about the background and the remuneration of directors and key employees. Forward-looking information refers to information related to future prospects, forecasts, and the potential of a company. This information provides insight into the problems faced by a firm material, but the OECD (2003) reported that companies in Asia only give few clues about this issue. CSR includes information about the company philanthropy, environment, employees, and other information related to the community. CSR, by itself has been the subject of substantial academic research. Voluntary disclosure of this information may be used to strengthen the public perception on the management response to issues of social responsibility and to legitimize certain corporate actions (Wilmshurst & Frost, 2000; Gray et al, 1995).

Management and investors/creditors are separate parties. Agency relationship that occurs between the principal and the agent could lead to asymmetry of information between the two parties, with management as the party in control of the information (Jensen and Meckling, 1976). Regulation of corporate governance is expected to reduce the asymmetry of information through publicly disclosed information. Thus, agency conflicts caused by information asymmetry can be reduced. Therefore, corporate governance which conducted oversight and internal control will encourage management to disclose more information.

Basically, the application of the principles of corporate governance monitors senior management in their relationship with stakeholders (Eisenhardt, 1989). Enforcement of corporate governance principles should contribute to the reduction of information asymmetry between the board and capital providers. Transparency and disclosure initiatives embedded in the Codes of CGC shows that companies with a stronger governance structure are more likely to provide comprehensive information to stakeholders. Therefore, it is reasonable to expect that the governance structure that is stronger as reflected in the higher corporate governance score can be attributed to the wider voluntary disclosure of various types of information (Lim et al., 2007; Rouf, 2011; Ho and Taylor, 2013). Thus it can be proposed the following hypothesis:

H1: company's strength of governance structure is positively related to the level of voluntary disclosure of corporate information and strategic information (CSD)

H2: company's strength of governance structure is positively related to the level of voluntary disclosure of financial information and capital markets (FCMD)

H3: company's strength of governance structure is positively related to the level of voluntary disclosure of information directors and senior management (DSMD)

H4: company's strength of governance structure is positively related to the level of voluntary disclosure of forward-looking information (FLD)

H5: company's strength of governance structure is positively related to the level of voluntary disclosure of corporate social responsibility information (CSRD)

H6: company's strength of governance structure is positively related to the level of voluntary disclosure of information (VDI)

3. RESEARCH METHODOLOGY

The sample of this study is companies that include information on corporate governance in its annual report for the period 2012-2013. The sample is selected based on the judgment sampling method in which the sample was selected based on an assessment of some of the samples characteristics adjusted for research purposes. Company that will be the object of research is manufacturing companies listed on the Stock Exchange as of December 2013, which include information on corporate governance in its annual report for the period 2012-2013. 2012-2013 were selected as observation period based on the issuance of the Decree of Chairman of Bapepam No. Kep-431/BL/2012 which came into effect on 31st December 2012 reporting period.

The dependent variable in this study is voluntary disclosure of any kind of information which is reflected by the five types of information namely company and strategic information, financial data and capital market information, directors and senior management information, forward-looking information and CSR information (Lim et al., 2007; Ho and Taylor, 2013). To obtain the value of each type of information, this study calculated the disclosure index calculation. The company will be given a score of 1 if disclose information referred to the components of each of five type of information and a score of 0 if not. The total score obtained will be devaluated with the maximum score for each type of information. The formula used to figure disclosure index scores are as follows:

$$\textit{Disclosure Index (DI)} = \frac{\textit{Total disclosure}}{\textit{Maximum Score}}$$

Description:

DI = voluntary disclosure index

Total disclosure = sum of scores obtained by each company for each type of disclosure

Maximum Score = Total maximum value of each type of disclosure

This assessment component were adopted from research of Ho and Taylor (2013) and later adjusted by the Decree of the Chairman of Bapepam No. Kep-431/BL/2012 to distinguish information that is mandatory and voluntary applicable to companies listed on the Indonesia Stock Exchange. Assessment components for each type of information can be found in Appendix 1.

The independent variable in this study is the strength of Corporate Governance Structure. The strength of the corporate governance structure will be assessed based on the adoption of the self-assessment questionnaire prepared by the Forum for Corporate Government in Indonesia (FCGI). This self-assessment questionnaire can be obtained through the FCGI website. Assessment consists of 4 parts: assessment for Corporate Governance Policy, Implementation of Corporate Governance, Disclosure, and Audit. Each component of this assessment has a weight with a total weight of 100%. The formula to calculate the strength of Corporate Governance Structure is:

$$\textit{CORPORATE GOVERNANCE STRENGTH (CGS)} = \left(\frac{\textit{Total CGPolicy}}{\textit{Max CGPolicy Score}}\right) + \left(\frac{\textit{Total CGPractices}}{\textit{Max CGPractices Score}}\right) + \left(\frac{\textit{Total Disclosure}}{\textit{Max Disclosure Score}}\right) + \left(\frac{\textit{Total Audit}}{\textit{Audit Max Score}}\right)$$

The results of the assessment will be interpreted in accordance with the provisions contained in the self-assessment questionnaire of FCGI where:

1. Score 0-49% means that companies need to look at the system of corporate governance as the overall score is below standard.
2. Scores of 50-59% means that the company has met the minimum standards and are expected to consider improvements to the issues that received low scores.
3. Score 81-100% mean scores obtained by the company are very good.

Control variable in this study is profitability, leverage, and firm size. The formulas used to find the value of the three control variables are:

$$\textit{Profitability} = \frac{\textit{Net Income}}{\textit{Total Assets}}$$

$$\textit{Leverage} = \frac{\textit{Total Liability}}{\textit{Total Equity}}$$

$$\textit{Size} = \textit{LnTotal Assets}$$

This study uses the voluntary disclosure variable as the dependent variable, as reflected by the disclosure index scores, while the independent variable is the strength of corporate governance structure reflected by self-assessment score of corporate governance. The data were analysed by multiple linear regression analysis with the level of significance at 95% confidence level and an alpha of 0.05. The model proposed for this study is:

DI_{jt} = $b_0 + b1CGS_{jt} + b_2PROF_{jt} + b_3SIZE_{jt} + b_4LEV_{jt} + \varepsilon_{jt}$

DIjt = disclosure index of each type of information, namely CSD, FCMD, DSMD, FLD, and CSRD for firm j in year t.

CGSjt = score of the strength of corporate governance structure of firm j in year t.

PROFjt = level of profitability of the company j in year t.

LEVjt = leverage firm j in year t.

SIZEjt = size of firm j in year t.

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

Table 1
Descriptive Statistics

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
FCMD	74	0.25	1	0.58784	0.139915
CSD	74	0.25	1	0.76182	0.171764
DSMD	74	0	1	0.81081	0.394332
FLD	74	0.2	1	0.74595	0.22095
CSRD	74	0	0.9	0.55676	0.228803
VDI	74	0.195	0.902	0.69018	0.147767
TOTALCG	74	1.00E+10	1.00E+10	1.01E+10	5185.056
PROFITABILITAS	74	-1	1	0.11	0.19
LEVERAGE	74	-2	9	0.92	1.264
SIZE	74	25	33	28.66	1.916
Valid N (listwise)	74				

Source: Analyzed data

Table 1 shows the descriptive statistics of the results of the research. The average total voluntary disclosure index is VDI by 69.01% with a standard deviation of 14.77%. This indicates that the sample firms reveal voluntary disclosure on average about 69.1% of the total minimum disclosure while the total power of governance disclosed by the sample company an average of 44.23%. Overall, each of voluntary disclosure types has means score more than 50% which means the sample company voluntarily disclosed most of the item listed in the Appendix 1.

4.2. Hypothesis Testing and Discussion

The results of the analysis of the six models are presented in Table 2. Six regression models are used to observe the influence of the strength of the corporate governance structure on the overall voluntary disclosure and voluntary disclosure of each type of information. The result of hypothesis testing can be seen in Table 2.

Table 2
Regression Results

Variable	*VDI*		*CSD*		*FCMD*		*DSMD*		*FLD*		*CSRD*	
	B	*Sig*	*B*	*Sig*	*B*	*Sig*	*B*	*Sig*	*B*	*Sig*	*B*	*Sig*
(Constant)	-0.472	0.013	-0.539	0.026	1.212	0.000	0.608	0.336	-0.427	0.185	-1.296	0.000
TOTAL CG	1.370	0.000	1.301	0.001	0.771	0.038	4.371	0.000	2.19	0.000	0.468	0.377
PROFITABILITAS	-0.107	0.111	-0.143	0.095	-0.123	0.158	-0.199	0.378	-0.098	0.393	-0.031	0.801
LEVERAGE	0.006	0.534	0.004	0.758	-0.002	0.845	-0.016	0.634	0.001	0.95	0.016	0.366
SIZE	0.020	0.024	0.026	0.021	-0.033	0.004	-0.059	0.044	0.007	0.611	0.057	0.001
Adjusted R Square	0.511		0.411		0.081		0.220		0.355		0.289	
F-test	20.042		13.752		2.601		6.139		11.048		8.405	
Sig F-test	0.000		0.000		0.043		0.000		0.000		0.000	

Source: Analyzed Data (2014)

4.2.1. The influence of the strength of the corporate governance structure on the voluntary disclosure of corporate information and strategic information

CSD model is used to observe the influence of the strength of the corporate governance structure on the voluntary disclosure of corporate information and strategic information. F-test results of the CSD model are 13.752 with significance level of 0.000. This means that CSD model is statistically fit and significant. These results are supported by the value of Adjusted R Square that shows the value of 0.411, which means that the 41.1% of the variation of the voluntary disclosure of corporate information and strategic information can be explained by four independent variables while the rests is explained by other variables that are not included in this model.

The result of t-test for CSD models as shown in Table 2 shows that the strength of the corporate governance structure with a regression coefficient of 1,301 has a significance level of 0.001 for voluntary disclosure of corporate information and strategic information. These results support the first hypothesis research means that the strength of corporate governance structure positively influence the level of voluntary disclosure of corporate information and strategic information. The results are consistent with Lim et al, (2007) and Ho and Taylor (2013).

4.2.2. The influence of the strength of the corporate governance structure on the voluntary disclosure of financial data and capital market information

FCMD model is used to observe at the influence of the strength of the corporate governance structure on the voluntary disclosure of financial data and capital market information. F-test result of FCMD model is 2.601 with significance level of 0.043. This result shows that the FCMD model is statistically fit and significant. These results are supported by the value of Adjusted R Square that shows the value of 0.081, which means that the 8.1% of the variation of the voluntary disclosure of financial data and capital market information can be explained by four independent variables while the rests is explained by other variables that are not included in this model.

T-test results of FCMD models as shown in Table 2 shows that the strength of the corporate governance structure with a regression coefficient of 0.771 has significance level of 0.038 for voluntary disclosure of financial data and capital markets information. This result means that the result supported the second hypothesis of this study. The strength of the corporate governance structure has positive influence on voluntary disclosure of financial data and capital markets information. The results are consistent with Ho and Taylor (2013).

4.2.3. The influence of the strength of the corporate governance structure of the voluntary disclosure of directors and senior management information

DSMD model is used to examine the influence of the strength of the corporate governance structure on the voluntary disclosure of directors and senior management information. F-test results for FCMD model is 6.139 with significance level of 0.000 indicated that FCMD model is statistically fit and significant. These results are supported by the value of Adjusted R Square that shows the value of 0.220, which means that the 22.0% of the variation of the voluntary disclosure of directors and senior management information can be explained by the four independent variables while the rests is explained by other variables that are not included in the model.

T-test results of DSMD model as shown in Table 2 shows that the strength of the corporate governance structure with a regression coefficient of 4,371 has a significance level of 0.000 for voluntary disclosure of directors and senior management information. These results support the third hypothesis of the research which means that the strength of the corporate governance structure has positive influence on voluntary disclosure of directors and senior management information. The results of this study support the results of Ho and Taylor (2013).

4.2.4. The influence of the strength of the corporate governance structure on the voluntary disclosure of forward-looking information

FLD model is used to observe the influence of the strength of the corporate governance structure of the voluntary disclosure of forward-looking information. Results of F-test result for the FLD model is 11.048 with significance level of 0.000, indicated that FLD models is statistically fit and significant. These results are supported by the value of Adjusted R Square that shows the value of 0.355, which means that 35.5% variation of the voluntary disclosure of forward-looking information can be explained by four independent variables and the rest is explained by other variables that are not included in the model.

T-test result for FLD models as shown in Table 6 shows that the strength of the corporate governance structure with a regression coefficient of voluntarily 2.19 has a significance level of 0.000 for voluntary disclosure of forward-looking information. These results support the fourth hypothesis which means that the strength of the corporate governance structure has positive influence on voluntary disclosure of forward-looking information. The results of this study are consistent with the results of Ho and Taylor (2013).

4.2.5. The influence of the strength of the corporate governance structure on the voluntary disclosure of corporate social responsibility information

CSRD model is used to examine the influence of the strength of the corporate governance structure on the voluntary disclosure of corporate social responsibility information. The F-test results for the CSRD model is 8.405 with significance level of 0.000 indicated that CSRD model is significant and statistically fit. These results are supported by the value of Adjusted R Square that shows the value of 0.289, which means that the 28.9% variation of the voluntary disclosure of CSR information can be explained by four independent variables and the rest is explained by other variables that are not included in the model.

T-test results for CSRD model as shown in Table 2 shows that the strength of the corporate governance structure with a regression coefficient of 0.468 has a significance level of 0.377 for voluntary disclosure of corporate social responsibility information. This means that the result do not support the fifth hypothesis. The strength of the corporate governance structure has no influence on voluntary disclosure of corporate social responsibility information. The results of this study are inconsistent with Ho and Taylor (2013).

This result was probably due to the new disclosure obligations of corporate social responsibility in the financial statements set out in the Decision of the Chairman of Bapepam No. Kep-431 / BL / 2012. Along with the full adoption of

IFRS in the PSAK applicable in Indonesia and the development of sustainability reporting practices, Bapepam revised the Decree of the Chairman of Bapepam No. Kep-134 / BL / 2006 by the Decree of the Chairman of Bapepam No. Kep-431 / BL / 2012. Differences in regulation No. Kep-134 / BL / 2006 with regulation No. Kep-431 / BL / 2012 lies on an additional obligation of the company to include information about corporate social responsibility. Reporting of corporate social responsibility from the previous voluntary becomes mandatory and required companies issuing additional costs put the companies in transition period so that the level of voluntary disclosure of CSR information is not influenced by the strength of the corporate governance structure.

4.2.6. The influence of the strength of the corporate governance structure on the voluntary disclosure of company information

VID model is used to observe the influence of the strength of the corporate governance structure on the overall voluntary disclosure of company information. The F-test results for the VID model is 20.042 with significance level of 0.000 indicated that VID model is significant and statistically fit. These results are supported by the value of Adjusted R Square that shows the value of 0.511, which means that 51.1% of the variation of the voluntary disclosure of company information can be explained by four independent variables and the rest is explained by other variables that are not included in the model.

The results of the t-test for VDI models as shown in Table 2 shows that the strength of the corporate governance structure with a regression coefficient of 1.370 has a significance level of 0.000 against various voluntary disclosure of corporate information. These results support the sixth hypothesis of the research, which means that the strength of the corporate governance structure has positive influence on voluntary disclosure of company information. This result is indirectly consistent with the results acquired by Ho and Taylor (2013).

5. CONCLUSIONS, LIMITATIONS AND PRACTICAL CONTRIBUTION

This study aimed to examine the influence of the strength of the corporate governance structure on the voluntary disclosure of company information. The results show that the strength of corporate governance structures has influence on voluntary disclosure of corporate and strategic information, financial data and capital market information, directors and senior management information as well as forward-looking information. The results of this study support the idea that companies with a strong level corporate governance structure has better voluntary disclosure of information. Shleifer and Vishny (1997) concluded that better corporate governance can help companies achieve optimum disclosure policy.

This study also found that the strength of the corporate governance structure does not affect the voluntary disclosure of corporate social responsibility information. Issuance of Decree of Chairman of Bapepam No. Kep-431 / BL / 2012 from the voluntary becomes mandatory and require companies issuing additional costs caused companies in transition period so that the level of voluntary disclosure is not influenced by the strength of the corporate governance structure.

This study needs to be interpreted carefully since the assessment of the strength of the corporate governance structure is limited by the subjectivity of the researchers due to limited time and access to the company. Thus it is probable that there is a difference of perception when data obtained as the results from questionnaires were completed by the company itself compared with the assessment conducted with the perspective of researchers based on content analysis.

Further research is recommended to add the sample and control variables that could affect the company voluntary disclosure. In addition, whenever possible to obtain data on the strength of the corporate governance structure from the company's perspective rather than through a content analysis of the company's financial statements to obtain more accurate results.

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Appendix A

No	*Disclosure Index*
Corporate and strategic disclosure index (CSD)	
1.	Financial highlights – three years and more
2.	Pictures of major types of product
3.	Discussion of industry trends (past)
4.	Discussion of competitive environment
5.	A statement of corporate goals
6.	Description of marketing and distribution network for products/services
7.	Statement of ways of improvement in customer service
8.	Discussion of principal markets Discussion of principal markets
9.	Reasons for the acquisitions and expansion
10.	Impact of strategy on current and/or future results
11.	Discussion about major regional economic development
12.	Reasons for the disposal and cessation
13.	Description of R&D projects
14.	Impact of competition on current profit
15.	Company's contribution to the national economy
16.	Information about regional political stability
Financial and capital market data disclosure index (FCMD)	
1.	Statement concerning wealth created, e.g. value added statement
2.	Domestic and foreign shareholdings breakdown
3.	Segment reporting on geographical capital expenditure
4.	Segment reporting on geographical production
Directors and senior management disclosure index (DSMD)	
1.	Picture of senior management team
Forward-looking disclosure index (FLD)	
1.	Discussion of specific external factors affecting company's prospects (economy, politics, technology)
2.	Discussion of likely effect of business strategy on future performance
3.	Discussion of future industry trend

4. Discussion of future products/services research and development activities
5. Planned research and development expenditure
6. Planned capital expenditure
7. Planned advertising and publicity expenditure
8. Key financial data (quantitative) forecasts, e.g. sales revenues, profit, EPS
9. Qualitative forecasts of sales, revenues, profits, EPS
10. Forecast assumptions provided

Corporate social responsibility disclosure index (CSRD)

1. Participation in government social campaigns
2. Support rendered for public/private action designed to protect environment
3. Employee's appreciation
4. Picture of employees' welfare
5. Discussion of employees' welfare
6. Number of employees for the last two or more years
7. Breakdown of workforce by line of business distribution
8. Categories of employees by level of qualifications
9. Amount spent on training
10. Indication of employee morale, e.g. turnover, strikes and absenteeism