

Corporate Governance and Voluntary Financial Disclosure by Canadian Listed Firms

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ABSTRACT

The financial communication policy is an important corporate governance issue. Increased voluntary financial disclosure is the basis of our research question: do governance mechanisms force leaders to follow an extensive information strategy? Our study empirically shows mixed results regarding the effectiveness of certain disciplinary structures.

Keywords: Voluntary Financial Disclosure, Corporate Governance, Financial Communication, Disciplinary Structures.

INTRODUCTION

Research on corporate accounting policy has been the subject of interest from researchers for many years. Lev (1992) argues that a technical change to the presentation of financial statements is to disseminate information voluntarily. The voluntary financial disclosure is therefore part of the company's accounting policy.

Thus the concept of voluntary disclosure is the subject of increasing attention in accounting and reflects the number and diversity of studies in this area (Verrecchia, 1983, 1990; Cooke, 1989; Raffournier 1995; Cormier & Magnan, 1999; Bamber, Jiang, & Wang, 2010). We can therefore speak of accounting choices optimization as much as we can speak of information dissemination choices on financial performance. Meek, Roberts, & Gray, (1995) define voluntarily published information as “disclosures in excess of requirements - represent free choices on the part of company managements to provide accounting and other information deemed relevant to the decision needs of users of their annual reports”.

Voluntary disclosure has certain characteristics. Firstly, the voluntary financial communication process is not limited to traditional channels, such as annual and quarterly financial statements. The need for timely disclosed information pushed companies towards the adoption of other means of communication such as conferences, press releases, meetings with financial analysts, letters to shareholders and the provision of information in the annual report. The more frequent use of these channels is sustained by the rapid and constant rise of information technology. Secondly, disclosed information is of a quantitative and qualitative nature and can be financial or non-financial. However, the voluntary supply of financial performance information does not include all information disclosed by the firm, like what is related to marketing, public relations and union negotiations. It is limited to economic performance, financial condition and prospects that can be expressed in monetary terms.

Empirical research documents several advantages linked to the voluntary financial disclosure. Among these advantages, the voluntary information allows one to:

- Report the ability of managers to anticipate changes in the economic environment (Trueman, 1986);
- Align investor expectations with those of managers (Ajinkya & Gift, 1984);
- Mitigate adverse financial market reactions following bad news (Skinner, 1994; Kasnik & Lev, 1995);
- Attract new capital (Frankel, McNichols, & Wilson, 1995);
- Reduce the cost of capital (Botosan, 1997; Healy, Hutton, & Palepu, 1999).

On the other hand, the literature mentions that the financial communication strategy of a company must take into account several constraints such as proprietary costs (Verrecchia, 1990), political costs (Wong, 1988) and agency costs (Leftwich, Watts, & Zimmerman, 1981). The voluntary financial disclosure is therefore not neutral. Gibbins, Richardson, & Waterhouse, (1990) stipulate that disclosed information is incorporated in a set of social relationships that structure the way that information is managed. The financial communication process plays an important role in the functioning of not only capital markets, but also in corporate governance.

PREVIOUS LITERATURE AND HYPOTHESES

Increased demand for information from investors puts pressure on leaders to voluntarily disclose private information that is richer in details than accounting information. However, despite this increased demand, managers are not willing to reveal all of the information they possess due to the inconveniences of competition (exclusive cost theory), legal responsibilities that can arise from these disclosures, the costs of faulty signals (signal theory) or costs associated to agency problems (agency theory).

We are particularly interested in agency theory since it presents the theoretical framework for the issue of corporate governance.

According to agency theory, economic actors are sensitive to financial information disclosed by the firm. The manager manipulates information to increase its area of freedom and thwart shareholder control. Shareholders develop control mechanisms to define manager authority and to compel him to share information. The agency theory suggests that control mechanisms help to discipline managers and compel them to act in the interest of shareholders. However, some empirical research rejects this normative idea. The results do not often validate the efficiency of these disciplinary mechanisms.

The efficiency of control mechanisms, insofar as it defines the area of freedom of managers, affects the quality of financial communication policies. Previous research, which established results on the efficiency of disciplinary mechanisms, will guide us in assessing the effect of mechanisms through their structures and procedures on the quality of voluntary financial disclosure.

Seven research hypotheses were developed in accordance with the existing literature in order to determine the direction and intensity of the relationship between certain disciplinary mechanisms and the quality of voluntary financial disclosure.

Ownership Structure

The voluntary publication of information is one of the preferred ways for managers to signal their management talents to shareholders (Trueman, 1986). The need for non-accounting information arises more often in managerial firms as a result of greater information asymmetry. This need is weak in entrepreneurial firms where the demand for public information used to assess the performance of managers is less prevalent due

to a greater access to internal information. Thus, Rulan, Tung, & George (1990) found that in firms where managers and directors possess a large portion of shares, the frequency of disclosure of forecasts is lower. Therefore, there seems to be a positive association between the dilution of capital and the level of voluntary disclosure of financial information. Our first hypothesis is as follows:

H1: The extend of voluntary financial disclosure is greater in managerial firms.

Level of institutional ownership

Firm shareholders are not homogeneous. They have a different influence on agency relationships based on their nature. For example, institutional investors, having significant capital, play an important role in the severe monitoring of managers. Healy, Hutton, & Palepu (1999) found that the increase in the voluntary financial disclosure is associated with the increase in the number of institutional investors in a firm. The increase in voluntary financial disclosure thus attracts institutional investors. However, Tasker (1998) found that firms with a larger proportion of ownership by institutional investors are less susceptible to resort to conferences. A possible explanation for this finding is that institutional investors already have privileged access to information and thus reduce the incentive for firms, in which they holds large stakes, to voluntarily disclose information. Based on these analyses, it is not clear whether or not the existence of institutional investors establishes a binding framework for managers to increase the volume of their disclosures. Therefore, we test the following hypothesis:

H2: The ownership level of institutional investors influences the extent of voluntary disclosure.

Percentage of Independent Directors

Several groups and commentators have put emphasis on the independence and competence of board members as necessary elements allowing them to best fulfill their functions as directors. A board is more efficient the greater the percentage of independent directors. Studies by Beasley (1996) and Dechow, Sloan, & Sweeny (1996) show that opportunistic accounting practices are negatively related to the independence of the board of directors, as measured by the proportion of external directors. Dechow, Sloan, & Sweeny (1996) were interested in situations where the SEC (Securities and Exchange Commission) should take coercive measures to address the handling of profits of some companies. Their results show that these companies have a low proportion of external directors. To the other extreme, Beasley (1996) tested the hypothesis that the presence of external directors reduces the likelihood of fraud. He states that companies that have committed fraud have a smaller proportion of external directors compared to a sample of firms that had not committed fraud. Empirical studies seem to indicate that the composition of the board limits the freedom of directors and that board independence affects the transparency of corporate accounting information. By extension, other studies find a positive relationship between the extent of voluntary financial disclosure and the board composition (level of outside directors) (Eng & Mak, 2003; Cheng and Courtenay, 2006). This allows us to formulate the following hypothesis:

H3: The greater the percentage of independent directors, the more the company opts for a policy of extensive voluntary disclosure.

Board of Directors Size

The increased complexity of companies and the need to maintain more contact with the external environment sustained a rapid increase in the number of directors on a board. This tendency is also motivated by the willingness of the company to have directors that represent different groups of stakeholders. This allows for easier communication by the company with its groups and to reduce eventual confrontation. It also allows the creation of commercial relationships between firms that have common directors.

Jones (1986) calls for a large number of directors on the board on the grounds that the board will have a greater sharing of expertise, experience and judgment. Some researchers also argue that as the size of the board increases, a director deviates from his responsibility because he feels that the impact of his decision is low. He avoids investing time and energy. Jensen (1993) believes that a small board is more efficient, while a large board is soon under the control of the leader. Converging with that point, Beasley (1996) found that increasing the size of the board is accompanied by a greater likelihood of fraudulent financial statements. As the results of previous studies do not allow us to make predictions, we empirically test the following hypothesis:

H4: The size of the board influences the level of voluntary financial disclosure.

Separation between CEO and Chairman of the Board Functions

The chairman of the board is responsible for leading meetings, setting agendas, hiring, and encouraging, assessing and compensating executives. His power over the board is manifested through his capacity to select other directors (Patton & Baker, 1987), which can compromise the neutral functioning of the board. Thus, Jensen (1993) suggested separating CEO and chairman functions if the board wants to be an effective tool. Empirical research supports this prediction. Rechner & Dalton (1991) found that the firm's performance is increased when the chairman is external (non employee) to the firm. The study by Dechow, Sloan, & Sweeny (1996) notes that, in most companies being investigated by the SEC for GAAP violations, there is no dissociation between the CEO and chairman of the board functions. Forker (1992) found that the quality of the supply of voluntary information on call options is low when the CEO is also the chairman of the board of directors (CEO duality). Thus, the following hypothesis is posed:

H5: The CEO duality has a negative effect on the level of voluntary financial disclosure.

The Audit Committee

The composition of the audit committee has been the subject of several reforms (SEC, 1999; Report of the National Commission on Fraudulent Financial Reporting (Treadway Commission), 1987; Sarbanes-Oxley, 2002). A unanimous suggestion to all of these committees is that it must be mostly composed of independent members. Pincus, Rusbasky, & Wong (1989) noted that the audit committee improves the quality of the

information flux between the principal and the agent. In fact, by communicating the information received following meetings with external auditors, the audit committee helps directors to learn accounting, which reduces information asymmetry and allows them to better conduct their oversight role. Empirical studies tend to validate hypotheses of a positive influence of an independent audit committee. In a sample of companies of the S&P 500, Klein (2002) found a negative relationship between the proportion of external audit committee members and the management level of discretionary accruals. Karamanou & Vafeas (2005) find that in firms with more effective audit committee structure, managers are more likely to make earnings forecasts. These results allow us to pose the following hypothesis:

H6: The level of corporate voluntary disclosure is positively linked to an audit committee dominated by independent members.

Incentive Compensation Plan

Company managers are concerned with a variety of forms of compensation. These forms include, among others, the granting of call options or of a bonus pegged on earnings. By granting more options to directors, their wealth is then dependent on the value of the equity portfolio and options they hold. Managers interested in transacting their stocks and stock options should disclose private information so as to satisfy imposed regulations on the sale of these securities, increase their liquidity or correct a market under-valuation (Verrecchia, 1990; 2001).

Noe (1999), Aboody & Kasnick (2000) and Nager, Nanda & Wysocki (2003) present empirical evidence that validates these hypotheses. Noe (1999) found that managers with call options supply a lot of voluntary information to the market in order to

comply with the regulations imposed by contracts relative to these options. Aboody & Kasnick (2000) showed that managers that offer stock option reward programs delay the disclosure of good news and accelerate the diffusion of bad news in order to increase the value of these options. Nager, Nanda, & Wyoski (2000) found a positive relationship between stock price-based incentives and the voluntary supply of information, measured by the disclosure of earnings forecasts and the Association for Investment Management and Research's index (AIMR). They explain this finding by the fact that companies reveal more information to compensate for the lack of credibility associated to their earnings. In light of these arguments, we state the following hypothesis:

H7: There is a negative relationship between the level of voluntary financial disclosure and the issuance of call options.

RESEARCH DESIGN

Sample and Data

Based on a Canadian sample, our study looks at companies in the TSX-100 index. The list of companies in the index was released in the TSX Review (July 2003). (No company has more than one stock in the index).

The data related to governance variables were obtained from proxies available on the SEDAR website (System for Electronic Document Analysis and Retrieval), in particular in the table "The Statement of Corporate Governance Practices". In fact, section 473 of the TSX Company Manual stipulates that "Every

listed company incorporated in Canada or a province of Canada must disclose on an annual basis its approach to corporate governance. This disclosure - a 'Statement of Corporate Governance Practices' (SCGP)- must be made in the company's annual report or information circular. For this purpose, 'approach to corporate governance' means a description of the company's system of corporate governance with reference to the guidelines set out in Section 474 and, where the company's system is different from those guidelines, an explanation of the differences." In the case of the absence of complete information on these variables in the proxies, data were obtained from annual reports available on SEDAR or on the companies' website. The financial data, such as liabilities and assets were extracted from the StockGuide database. The Market to Book ratio was found on the FPinfomart.ca database. The Financial Post 500 allowed us to detect the type of control for each corporation. If a company was considered widely held, it was identified as a managerial firm and coded 1. In the opposite case, it was identified as an entrepreneurial firm and coded 0. To determine the existence of a dominant institutional investor, the nature of each majority shareholder (possessing more than 10% of shares with voting rights) is examined to classify shareholders as institutional or non-institutional investors. Finally, foreign trading status is determined from the information provided on SEDAR.

Of the 100 companies initially selected, 16 companies had missing data. These data were in relation to corporate governance, such as the number of meetings of the audit committee and the number of independent directors on the board of directors or audit committee. This is due to the great leniency given to companies in the determination of what should be included in their Statement of Corporate Governance Practices. The final sample is thus composed of 84 corporations spread over twelve of

the fourteen industries of the TSX. Finally, it should be noted that most firms in the sample are audited by the Big 4. The absence of variation leads to the omission of the auditor variable as a control variable.

Dependent Variable: Construction of the Voluntary Disclosure Index

To explain the variation in the level of voluntary financial disclosure, one must establish a list of the most important voluntary disclosure items for financial analysts so as to assign a score to each firm. Our list is inspired from the study by Ho and Wong (2001). The list of these items is available in the appendix. The voluntary financial disclosure is categorized in three types: quantitative financial information, qualitative financial information and strategic financial information. The reason to resort to this classification is that the value relevance of items depends on the type of information (Meek et al, 1995). Strategic information is relative to the firm's statement of its strategies, of its assets movements and of its future prospects. Quantitative financial information is relative to the review of the firm's financial situation (financial ratios, inflation effects, exchange rate...) and information relative to capital markets (capitalisation, stock index...). Qualitative financial information is related to the financial situation, but in narrative form.

By choosing the firm's website as a means of communication of voluntary financial information, our study helps to understand the voluntary financial disclosure from an agency perspective. It supports the efforts of certain Canadian organizations such as the CICA, the Toronto Stock Exchange (1999) and CSA (1999) (Canadian Securities Authorities) who are concerned with improving the presentation of financial information by electronic means.

The methodology considered in order to value each item on the list consists of a dichotomous approach: 1 if the item is disclosed and 0 if it isn't. The total score calculated is the sum of the points obtained by the items disclosed on a website. However, a methodological improvement has been adopted, which consists of adjusting the calculation of the score based on the characteristics of the corporation. A relative score is thus obtained, which is the ratio of the total score divided by the theoretical score (Cooke, 1991).

ANALYSIS AND RESULTS

Descriptive Statistics

Table 1 presents certain statistics relative to voluntary disclosure score by percentage and by number of items for the total sample. Although firms in the sample publish on average 63% (i.e. 8 items) of the total list of items, previous studies conducted from an agency perspective found more minimalistic behaviour on behalf of firms. For example, Chau & Gray (2002) found that in Hong Kong, the average voluntary disclosure score was 12.23% and in Singapore it was 13.83%. Hossain, Tan, & Adams (1994) obtained a mean score of 15.8%. The study by Haniffa & Cooke (2002) shows a score of 31.3% for a sample of Malaysian firms. This result shows that at the present hour, companies pay more attention to the content of their website in order to satisfy investors looking to search for information by other means than the annual report. Firms use their website to distinguish themselves from their competition.

Table 1. Voluntary Disclosure Score Statistics

Score	Minimum	Maximum	Mean	Standard Deviation
By Number of Items	4.0	12.0	8.2	1.6
By %	30.8	92.3	63.0	12.5

Table 2. Voluntary Disclosure Score Statistics by Category

By %	Minimum	Maximum	Mean	Standard Deviation
Strategic Information	7.7	38.5	24.7	7.2
Quantitative Information	0.0	38.5	23.8	8.2
Qualitative Information	7.7	23.1	14.5	3.7

Table 2 presents certain statistics relative to the scores by category. Remember that we have divided the items in 3 categories: Strategic Information, Quantitative Information and Qualitative Information.

From table 2, we see that on average, strategic information is just as disclosed as quantitative information, with a weaker variation. Qualitative information is less frequent with a lesser dispersion. Generally, larger dispersion is found, varying between the absence of quantitative information, for which the annual report and official documents are most sacred, and a publication percentage of 38.46%.

Multivariate Analysis

The correlation matrix (not presented) shows that the highest correlation is 0.63 (P value lower or equal to 0.10). It is lower than the accepted threshold of 0.90. On the other hand, the regression assumes the absence of heteroscedasticity (non-

constant variance in error terms), based on the ordinary least squares. The occurrence of this problem causes unbiased yet inefficient regression coefficients, that is to say coefficients that do not have minimal variance. The tests allow us to conclude the presence of a heteroscedasticity issue. To solve this problem, we used the White's matrix correction on all regressions. Our model was as follows:

$$\text{VOL_SCORE} = \beta_0 + \beta_1 \text{OWN_STRUC} + \beta_2 \text{INSTIT} + \beta_3 \text{BOARD_SIZ} + \beta_4 \text{INDEP_DIREC} + \beta_5 \text{DUALITY} + \beta_6 \text{INDEP_AUDIT} + \beta_7 \text{OPTIONS} + \beta_8 \text{SIZE} + \beta_9 \text{LEVERAGE} + \beta_{10} \text{FOREIGN} + \varepsilon$$

Where,

- VOL_SCORE: Voluntary financial disclosure score;
- OWN_STRUC: ownership structure;
- INSTIT: presence of important institutional investor (owning more than 10% of outstanding shares);
- BOARD_SIZ: size of board of directors;
- INDEP_DIREC: percentage of independent directors;
- DUALITY: separation of CEO and chairman functions;
- INDEP_AUDIT: independent audit committee members;
- OPTIONS: percentage of stock options owned by five top executives divided by total number of shares outstanding;
- SIZE: Log of total assets;
- LEVERAGE: financial leverage;
- FOREIGN: quotation on foreign exchange.

Table 3 presents the Adjusted R², the F statistic, beta coefficients and t statistics of the model's explanatory variables for the global and category scores.

Table 3. Regressions of Disclosure Scores

	Global Score		Strategic Score		Quantitative Score		Qualitative Score	
	Coeff	T-ratio (P-Value)	Coeff	T-ratio (P-Value)	Coeff	T-ratio (P-Value)	Coeff	T-ratio (P-Value)
C	13.82	0.43 (0.67)	6.74	0.30 (0.76)	-22.54	-1.06 (0.29)	29.62	3.80 (0.00)
OWN_STRUC	-4.28	-1.11 (0.27)	-2.54	-0.94 (0.35)	-3.61	-1.64 (0.05)	1.87	1.89 (0.06)
INSTIT	-4.29	-1.29 (0.20)	-1.66	-0.70 (0.49)	-1.97	-1.05 (0.30)	-0.67	-0.66 (0.51)
BOARD_SIZ	-1.17	-2.44 (0.02)	-0.30	-0.80 (0.43)	-0.68	-2.26 (0.03)	-0.19	-1.12 (0.27)
INDEP_DIREC	0.13	1.22 (0.12)	0.12	1.71 (0.09)	0.02	0.29 (0.38)	-0.01	-0.36 (0.72)
DUALITY	-7.57	-2.77 (0.01)	-2.66	-1.47 (0.15)	-4.82	-2.67 (0.01)	-0.10	-0.12 (0.90)
INDEP_AUDIT	0.10	0.44 (0.33)	-0.07	-0.46 (0.65)	0.24	1.54 (0.06)	-0.07	-1.38 (0.17)
OPTIONS	6.58	1.89 (0.06)	2.16	1.29 (0.20)	4.77	2.16 (0.03)	-0.35	-0.30 (0.38)
LEVERAGE	-0.01	-0.14 (0.89)	-0.08	-1.22 (0.23)	0.04	0.58 (0.56)	0.04	1.28 (0.21)
SIZE	2.99	2.04 (0.05)	1.64	1.39 (0.17)	1.89	1.87 (0.07)	-0.54	-0.98 (0.33)
FOREIGN	1.18	0.34 (0.73)	0.68	0.30 (0.76)	-0.14	-0.07 (0.94)	0.64	0.60 (0.55)
Adjusted R ²	0.18		0.11		0.42		0.32	

The table shows an Adjusted R^2 of 0.18 ($F= 1.68$; $P\text{-Value} = 0.08$) which shows that a low percentage of the volatility of the dependent variable (global score of publication) is explained by the variation of the independent variables. At a threshold of 10%, the hypothesis that all explanatory variables are simultaneously null is rejected.

We also note that the strength of the relationship between independent and dependent variables is more pronounced for the score based on quantitative and qualitative financial information ($R^2 = 0.42$ and 0.32 respectively).

Only four of the model's variables are significant. They are the size of the board, the dual function of CEO and chairman, the proportion of call option ownership and the size of the company. Also, with the exception of the board size and institutional ownership variables, for which previous research could not confirm the direction of the relationship, the signs of the significant variables conformed to what was expected in the hypotheses.

The most significant governance variable was the dual role of CEO and chairman (DUALITY variable) with a regression coefficient of -7.57 . An economic interpretation of this variable's regression coefficient could be as follows: the probability that the CEO has a dual occupation negatively affects the firm's disclosure level by 7.57%. This deviation is important if we take into account that the disclosure score has a mean (standard deviation) of 63% (12.5%). The second most significant variable is the one that measures the percentage of options held by executives (OPTIONS). In fact, any variation in the number of options relative to outstanding shares, ranging from 0 to 0.64%, the score improves by 6.57%. The relationship between the size of the board of directors and voluntary disclosure shows a lesser causation effect compared to the two previously mentioned

variables, with a negative effect of 1.17%. Finally, as confirmed by most previous studies, the size of the company has a positive effect on the voluntary publication of information policy. In our study, this effect is of 3%.

The analysis by category shows similar results for the strategic information category. The model has the same significant variables with the same signs as the initial model, except for the board of directors' size variable. However, the results are different than the original model for the quantitative and qualitative financial information variables. The qualitative information model has two significant variables, which are ownership structure and percentage of independent members of the audit committee, which was not found in the initial model. The same is true for the quantitative information model. The governance system in companies thus seems to play a role in the publication of quantitative financial information, and to a lesser extent in the case of strategic or qualitative information.

Our study is also similar to that of Raffournier (1995) and shows a non-significant ownership structure regression coefficient. The ownership structure is therefore not a determinant of the level of voluntary financial disclosure in Canada. This can be explained by the sample companies' dependence to the financial market, which positively values the increase supply of information.

Moreover, our study reveals a non-significant regression coefficient with regards to institutional investors, contrary to Healy, Hutton, & Palepu (1999). Hypothesis 2 having not been validated, we find that despite recent efforts, Canadian institutional investors are not sufficiently involved in financial communication decisions. Our study shows a non-significant influence in regards to the percentage of independent directors. Research by Ho & Wong (2001) and Haniffa & Cooke (2002),

conducted in an East Asian context, conclude an absence of significance. Despite organizational refinement in regulation in regards to the definition of independence, board efficiency does not seem to depend on a mainly independent board of directors. For the board size variable, a negative relationship is found, contrary to Beasley (1996) who found a positive relationship. This confirms the mixed results found in the literature on the impact of the size of the board on agency costs and firm performance. The study of the composition of the audit committee shows a non-significant effect between the proportion of independent members and the level of voluntary disclosure. Like our study, Beasley (1996) does not find a difference between the composition of the audit committee in firms that have committed fraud and ones that have not. Based on univariate analysis, Beasley, Carcello, Hermanson, & Lapides (2000) noticed that there are less fraudulent firms with an entirely independent audit committee, especially in the financial industry. Finally, the options-based compensation variable is significant in our study and has a positive effect on the voluntary financial disclosure. Its amplitude is quite high. Aboody & Kasznick (2000) state that leaders manage the time at which information, such as earnings forecasts at the time of granting options, is disclosed. Nager, Nanda, & Wyoscki (2003) found that an increase in option-based compensation is associated to a 48% increase in earnings forecast and a 6.6 AIMR score. Thus, the option-based compensation plan plays an important role in the financial communication process.

CONCLUDING REMARKS

Our study shows that different structures of the board, the shareholders and the audit committee are associated with different communication strategies of financial performance. This

study contributes to the examination of the hypothesis that effective governance mechanism positively affects the financial communication policy. However, the results of our research validate some assumptions of the agency theory. Some supposed effective mechanisms do not compel leaders to a broad strategy for financial reporting. This is the case of the ownership structure, the presence of large institutional investors and the existence of a board of directors or audit committee dominated by unrelated directors.

A number of limitations should nevertheless be kept in mind. It is worth mentioning that our approach measures the volume of voluntary information, which even if it is a proxy for the quality of the communication process, does not indicate the degree of transparency (Botosan, 1997). The measurement of the voluntary financial disclosure also neglects the temporal dimension, excluding the timeliness of the information. In addition, the score calculation tool is limited to a single broadcast channel (websites in our study), while private voluntary information may be provided by other means. However, the absence of another measuring instrument in the literature, and its acceptance by the scientific community, legitimizes its use.

This study opens the way to other more interesting research. While the quantitative methodology obscures information on the nature of the influences between governance variables and the provision of information, qualitative methodology allows one to view these relationships in order to model the relationship between the communication process of the company and its governance structure in order to provide information on interactions that act between these two concepts. In addition, it would be interesting to develop a new instrument for measuring the quality and quantity of imparting information which will help

to account for the communication process in its complexity (time reporting, communication ...).

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Appendix. List of Items

No	Information	
1	Presentation of future goals	S
2	Description of company products and services	S
3	Information on sales and commercial partners	Qa
4	Information on composition and asset movements	S
5	Details on tangible and intangible investments in Canada and abroad	S
6	Comments on company strategy (investment and financing policies...)	S
7	Presentation of financial ratios	Qn
8	Information on financial debt (loan categories, interest rates...)	Qn
9	Financial position and subsidiary contribution	Qn
10	Presentation of a summary of financial situation	Qn
11	Market share of main product	Qa
12	Analysis and presentation of information of stock price	Qn
13	Accounts receivable Schedule	Qa

Qn : quantitative; Qa : qualitative; S : strategic

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