

Paper # 4

Corporate Governance and Voluntary Disclosure: Evidence from Bahrain

Abstract

This study aimed to measure the relationship between Corporate Governance and Voluntary Disclosure in the listed companies in Bahrain Bourse. The study methodology was a cross-sectional data collected from the investor's guide in Bahrain Bourse and the listed companies' annual reports for the year 2013. The study sample is 41 listed companies. The study independent variable is Corporate Governance. The dependent variable is Voluntary Disclosure which was measured using a disclosure index developed and used in previous studies. The study also utilized five control variables in order to help measuring the relationship between the two variables. In conclusion, the study found that the governance level was 47.1%. Disclosure percentage was found to be 51.1% in Bahrain Bourse which is considered high compared to previous studies. The results of the study test indicate that there's a positive relationship between the principals: ownership of the largest shareholder, size of the Board of Directors and independency of Board of Directors with Voluntary Disclosure, and that there is no relationship between ownership of the three largest shareholders and Voluntary Disclosure. The study also concluded that there's a positive relationship between financial leverage, big four, and market capitalization with Voluntary Disclosure, while there's a negative relationship with company size and age.

Keywords: Corporate Governance, Voluntary Disclosure, Agency Theory, Bahrain Bourse.