Determinants of Corporate Governance Disclosure in Saudi Companies

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Abstract

Purpose – Our paper's purpose is to examine the relation between some corporate governance mechanisms and the disclosure level of corporate governance information in the Saudi Arabian's listed companies. It aims to deepen our understanding of the main drivers of corporate governance reporting in one of the developing countries.

Methodology – Using a sample of 97 financial reports and accounts of Saudi Arabian listed companies in 2006 and 2007, the paper uses the content analysis approach to analyse the content of these reports. In addition, a multiple regression model is used to identify the determinants of corporate governance disclosure. In this regression model, corporate governance disclosure score is the dependent variable, while the firm characteristics (firm's profitability, liquidity, debt ratio and size) and corporate governance mechanisms (board independence, audit committee size) are the independent variables.

Findings – We find that board independence, audit committee size, profitability, liquidity and gearing are the main determinants of corporate governance disclosure in Saudi Arabia. We did not find any statistically significant association between firm size and corporate governance disclosure.

Originality – The paper contributes to literature on disclosure and corporate governance in two important ways. First, it provides evidence on the determinants of corporate governance reporting in a developing country, Saudi Arabia. The research on this area has been largely absent in developing countries in general and in Middle Eastern countries in particular. Second, it offers some insights into the governance mechanisms and corporate characteristics that significantly drive the disclosure of corporate governance information.

Keywords: Corporate governance, Voluntary disclosure, Firm characteristics, Saudi Arabia

Paper type: Research paper

1. Introduction

In 2006, the Board of Capital Market Authority (CMA) issued corporate governance guidance in the Kingdom of Saudi Arabia. This guidance recommends all listed firms to disclose corporate governance information to the public. Examining the determinants of corporate governance disclosure will help in informing the Board of CMA about the characteristics of companies that comply with the new guidance and the potential factors that explain differences in companies' compliance.

The purpose of this paper is to shed some preliminary light on the drivers of corporate governance voluntary disclosure practice in Saudi Arabia. The paper uses the corporate governance guidance to examine the content of annual reports and accounts of Saudi Arabian companies during 2006 and 2007. Our research thus represents a timely addition to the growing interest in the corporate governance practice in developing economies.

The remainder of the paper is structured as follows. Section two reviews relevant research papers on corporate governance and voluntary disclosure. Section three describes the research methodology and the data. Section four reports the main findings. Section five concludes and suggests lines for further research.

2. Prior Literature

The relation between corporate voluntary disclosure and corporate governance and firm characteristics has become a subject of much interest in recent years and has attracted the interest of many major accounting journals. A growing and developing literature on this subject has been published particularly since the late 1960s. However, the majority of these papers use data from developed countries. In this

paper, an attempt is made to draw major conclusions regarding this relationship using data from Saudi Arabia, as an example of developing countries.

The current study develops hypotheses on the association between corporate governance voluntary disclosure levels and corporate governance and firm characteristics. Due to data availability, we restrict our analysis to two governance mechanisms (board independence and audit committee size) and some firm characteristics (profitability, liquidity, gearing and size). Our literature review focuses on prior empirical studies that are concerned with the link between voluntary disclosure and our selected corporate governance and firm characteristics variables.

Voluntary Disclosure and Corporate Governance Mechanisms

Board Independence:

Prior empirical research has established a positive association between corporate voluntary disclosure and board independence. To the best of our knowledge, the first paper to note this association is Forker (1992). In Forker's study, a positive association between the number of outside directors on boards and the inclusiveness of financial disclosure is found. Further papers reporting this result include, for example, Arcay and Vazquez (2005), Cheng and Courtenay (2006), Boesso and Kumar (2007) and Laksamana (2008). A number of researches have sought to clarify this positive association. For example, Beasley (1996) and Klein (2002) find that corporate managers are less likely to manage earnings and commit fraud if they have a large number of non-executive directors on boards. In addition, Chen and Jaggi (2000) and Gul and Leung (2004) argue that higher number of independent directors on boards leads to more effective board monitoring and higher levels of corporate transparency.

On the other hand, some empirical research has established a negative association between outside directors on boards and the levels of voluntary disclosure. Studies reporting this result include Eng and Mak (2003), Barako, Hancock and Izan (2006) and Hoitash, Hoitash and Bedard (2009). Others find insignificant association between the two variables (see for example Ho and Wong, 2001 and Haniffa and Cooke, 2002).

Based on the above mixed results, we aim to re-examine the association between corporate governance disclosure and board independence in Saudi Arabia, we set our first research hypothesis as follows:

H1: There is an association between board independence and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Audit Committee Size:

The corporate governance literature is rich with established empirical research on the association between voluntary disclosure and the characteristics of the board of directors. However, limited research has been undertaken to examine the association between voluntary disclosure and the characteristics of audit committee. Forker (1992) was the first paper to suggest this association. The author argues that the audit committee is as an effective monitoring mechanism to improve the quality of corporate disclosure and reduce agency costs. In addition, Ho and Wong (2001) suggest that the presence of an audit committee significantly influences the magnitude of corporate disclosure. In their empirical analyses, Li, Pike and Haniffa (2008) and O'Sullivan, Percy, and Stewart (2008) find the expected positive association between audit committee size and levels of voluntary disclosure. As a result of the above positive relationship between audit committee size and corporate reporting, we also

expect a similar relationship with corporate governance reporting practice and audit committee size. We therefore formulate our second hypothesis as follows:

H2: There is a positive association between audit committee size and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Voluntary Disclosure and Firm Characteristics

Profitability:

A positive relationship between corporate profitability and level of corporate disclosures is hypothesised in prior research (see for example Singhvi and Desai, 1971). Using Signalling theory, the authors justify this positive association by the fact that corporate managers of highly profitable companies are more likely to report more information to increase investors' confidence and consequently to raise their compensation and to raise capital at the lowest cost (Marston and Polei, 2004). Agency theory also suggests that corporate managers of profitable companies have an incentive to report more information to increase their compensation (Abd El Salam, 1999).

In a meta-analysis study, Ahmed and Courtis (1999) provide empirical evidence that the relationship between corporate disclosure and profitability is mixed and provides conflicting results. For example, they find that some studies show a significant positive relationship (see for example Singhvi, 1968; Singhvi and Desai, 1971; Wallace et al., 1994), while others find no such relationship (see for example McNally, Eng, Hasseldine, 1982; Raffournier, 1995). A number of studies, however, found a statistically significant negative association between the two variables (see for example Wallace and Naser, 1995). Based on this discussion, we formulate our third hypothesis as follows:

H3: There is an association between profitability and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Liquidity:

A number of studies, using the signalling theory, have examined the association between disclosure levels and liquidity. For example, Abd El Salam (1999) argues that firms will disclose more information if their liquidity ratio is high. She justifies her argument by stating that firms with high liquidity ratio need to distinguish themselves from those with low liquidity ratios. This is done by increasing levels of voluntary disclosure. On the other hand, agency theory suggests that companies with low liquidity ratios are more likely to provide more information to satisfy the information requirements of shareholders and creditors. A number of studies have examined the association between liquidity and the levels of corporate disclosure. However, the findings are mixed. For example, Oyeler, Laswad and Fisher (2003) find a positive relationship between the two variables, while Wallace et al. (1994) find a negative association. In a meta-analysis study, Ahmed and Courtis (1999) did not find any association between disclosure and liquidity. Based on these discussions, we formulate our fourth hypothesis as follows:

H4: There is an association between liquidity and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Gearing:

Based on the agency theory, Xiao, Yang and Chow (2004) explain the association between gearing and corporate disclosure. They argue that increased disclosure can reduce debt holders' inclinations to price-protect against transfers from themselves to shareholders. In addition, Debreceny, Gray, and Rahman (2002) find that increases in the debt-equity ratio create agency costs. Corporate managers are more likely to report more voluntary information to help creditors to monitor constantly the affairs of the company and help them assess the ability of the company to pay its obligations on time.

A number of studies have hypothesized and found a positive association between leverage and corporate disclosure (see for example Wallace, Naser, and Mora, 1994). In addition, Jensen and Meckling (1976) state that, because more highly leveraged companies incur more monitoring costs, they seek to cut these costs by reporting more information to satisfy the need of creditors. However, the empirical research evidence on the relationship between the two variables is mixed. For instance, Ettredge, Richardson, and Scolz (2002) find a positive significant association, while others such as Debreceny et al. (2002), Oyeler et al. (2003) and Xiao et al. (2004) find a negative association. On the other hand, Raffournier (1995) finds no association between the two variables. Based on these discussions, we formulate our fifth hypothesis as follows:

H5: There is an association between gearing and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Firm size:

A number of studies have hypothesized and found a positive association between firm size and levels of disclosures (Firth, 1979; Lang and Lundholm, 1993; Hossain, Perera, and Rahman, 1995; Hassan, Giorgioni, and Romilly, 2006; Alsaeed, 2006). This suggests that large companies follow better disclosure practices (Ahmed and Courtis, 1999).

Hassan et al. (2006) justify the positive association between the two variables as follows: First, large-sized firms are more likely to have enough resources to afford the cost of producing information for annual reports' wide range of users. Second, small-sized firms are more likely to suffer from competitive disadvantages, if they offer additional disclosure. Third, large-sized firms are more likely to be of interest to different users of annual reports including government agencies. For example McKinnon and Dalimunthe (1993:40) argue that "*larger firms tend to attract more*

analysts' followings than smaller ones, and may therefore be subjected to greater demand by analysts for private information". Finally, agency costs are higher for large-sized firms. This is because shareholders are widespread (Alsaeed, 2006). As a result, additional disclosure will be needed to reduce these costs (Watts and Zimmerman, 1983). Consequently, these firms might publish more information in their reports to supply information relevant to different users. On the other hand, large-sized firms might have the incentive to reduce their levels of disclosure to avoid litigation costs (Field, Lowry and Shu, 2005). In summary, the above arguments indicate that there is an interactive effect between disclosure levels and firm size. Based on these arguments, we formulate our sixth hypothesis as follows:

H6: There is an association between firm size and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

3. Research Methodology and Sample Selection

Research Methodology

In order to test the above hypotheses, we regress levels of corporate governance disclosure on some corporate governance and firm characteristics. The study will investigate the following model:

$$CG\_DISCLOSURE_{it} = \alpha + \beta' X_{it} + \varepsilon_{it}$$

Where:

$CG\_DISCLOSURE_{it}$ is the corporate governance disclosure score, α is the intercept. β' is the slope coefficient estimates of regressors. X_{it} is the corporate governance and firm characteristics for firm i at time t.

Dependent variable:

The dependent variable ($CG\_DISCLOSURE_{it}$) is defined as the number of corporate governance related rules that a firm reports in their annual report and accounts. Our paper focuses only on nine related rules, so the disclosure score ranges from 0 to 9. In particular, we focus on articles 9, 14, 14 and 15 of the corporate governance rules issued by the Board of Saudi Capital Market Authority in 2006. These rules are reported in Table 1. Table 1 shows the nine selected requirements of corporate governance disclosure by Saudi Capital Market Authority. We compare these requirements with the actual information in the annual reports and accounts of Saudi companies. The full score of the compliance are 9. This decreases if a company fails to comply. The full compliance with any of the nine rules would be given one score. If companies comply with a part of the rule, a half score would be given. If they did not comply with most of required rule, no score would be given. The total compliance score is the sum of four scores from the full compliance with article 9 and three scores from the full compliance with article 12, one score from the full compliance with article 14 and another score from the compliance with article 15.

Insert Table 1 here

Independent variables:

We have six independent variables. These include (1) Board Independence (BOARDIND): This represents the number of non executive directors on the board. (2) Audit Committee Size (ACSize): This represents the total number of member on the audit committee. (3) Profitability: We use return on assets (ROA) as a measure for profitability. (4) Liquidity: We use current ratio as a measure for liquidity. (5)

Gearing: We use total debt to total equity and long-term liabilities to measure gearing. (6) Firm size: We use total assets as a measure for firm size.

Data and Sample

The sample of this study consists of 52 Saudi companies, out of 77 listed on the Saudi Stock Exchange in years 2006 and 2007. Data are collected from the *Tadawul* website (www.tdwl.net). Fifty two firms were listed in years 2006 and 2007. We collect corporate governance data and firm characteristics from the annual reports and accounts and *Tadawul* database. We lose seven firms due to missing corporate governance and accounting information. This led to a sample of 97 firm-year observations for the period from 2006 to 2007.

4. Empirical Results

Table 2 shows our empirical results. It shows that the coefficient estimate on board independence is negative (-0.192) and statistically significant at the 5 per cent level (p-value = 0.042). This indicates that the higher the number of the non-executive directors on the board, the low the level of corporate governance disclosure practice in Saudi Arabia. This result is consistent with Eng and Mak (2003) and Hoitash, Hoitash and Bedard (2009). The negative association between corporate governance reporting and board independence might indicate that outside directors in developing countries are more likely to not be truly independent (Barako et al., 2006). Therefore higher number of independent directors on boards leads to less effective board monitoring and lower levels of corporate transparency in Saudi Arabia. Based on this finding, we accept hypothesis 1. It can be concluded:

Result of H1: There is a negative significant association between board independence and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Table 2 also shows that the coefficient estimate on audit committee size is positive (0.835) and statistically significant at the 1 per cent level (p-value = 0.002). This indicates that the higher the number of members on the audit committee the higher the level of corporate governance disclosure practice in Saudi Arabia. This result is consistent with O'Sullivan et al., (2008) and Li et al. (2008) who find the same positive association. The result indicates that the audit committee is as an effective monitoring mechanism in Saudi Arabia to improve the corporate disclosure and transparency and hence to reduce agency costs. Based on this finding, we accept hypothesis 2. This result can be concluded:

Result of H2: There is a positive significant association between audit committee size and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

In addition, Table 2 shows that some firm characteristics also have a statistically significant effect on the level of corporate governance voluntary disclosure in Saudi Arabia. In particular, we find that profitable firms are more likely to provide more information about corporate governance practice. The coefficient on ROA is positive and statistically at the 1 per cent level. This positive coefficient is consistent with prior empirical research (see for example Singhvi, 1968; Singhvi and Desai, 1971; Wallace et al., 1994). Therefore, we accept hypothesis 3. This result can be concluded:

Result of H3: There is a positive significant association between profitability and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

In addition, more liquid Saudi firms are more likely to voluntarily disclosure more corporate governance information. The coefficient on LIQ is positive and statistically at the 1 per cent level. This suggests that firms provides more voluntary information if their liquidity ratio is high to distinguish themselves from those with low liquidity ratios (Abd El Salam, 1999). Our finding is consistent with the empirical finding offered by Oyeler, et al (2003)'s study that shows a positive association between voluntary disclosure and liquidity ratio. Therefore, we accept hypothesis 4. This result can be concluded:

Result of H4: There is a positive significant association between liquidity and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Moreover, we find weak evidence that gearing ratio has an effect on the level of corporate governance disclosure in Saudi Arabia. In particular, the coefficient on DEBT is positive and statistically significant at the 10 per cent level. This finding suggests that because higher levels of gearing creates more agency costs, it is more likely that managers will report additional voluntary information to help creditors to monitor constantly the affairs of the firm and help them assess the ability of the firm to pay its obligations on time (Debreceny, et al., 2002). This result is consistent with prior empirical research (see for example Ettredge, et al. 2002). Based on this finding, we accept hypothesis 5. We can conclude this result as:

Result of H5: There is a positive significant association between gearing and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Finally, our analysis shows that there is a positive association between firm size and the level of corporate governance disclosure in Saudi Arabian companies. This suggests that large Saudi Arabian companies follow better disclosure practices

(Ahmed and Courtis, 1999). However, this association is not statistically significant (p-value = 0.387). This suggests that large-sized Saudi Arabian companies might not have the incentive to increase their levels of corporate governance voluntary disclosure in their annual reports to avoid litigation costs. As a result, we reject hypothesis 6 and conclude this result as:

Result of H6: There is no significant association between firm size and levels of corporate governance voluntary disclosure practice in Saudi Arabia.

Insert Table 2 here

Overall, our results suggest that firms with high quality of corporate governance mechanisms (i.e. less independent directors on the board; large number of directors on the audit committee) are more likely to follow the guidance issued by the Saudi Board of Capital Market Authority and report more corporate governance information in their annual reports. Because disclosing additional information in the annual reports is a costly decision, our results show that some characteristics affect the firms' decision to disclose more information in their annual reports in Saudi Arabia. We find that there is a positive and significant association between levels of corporate governance disclosure and profitability, liquidity and gearing. This means that profitable firms, firms with enough liquid assets and firms with access to debt are more likely to have enough resources and to disclosure any additional information recommended by Saudi Board of Capital Market Authority. Our results did not show any statistically significant association between firm size and corporate governance disclosure.

5. Conclusion

The aim of this research is to examine the relationship between corporate governance characteristics and the disclosure level of voluntary corporate governance practice in the Saudi Arabian's listed companies. The paper contributes to literature on disclosure and corporate governance by providing evidence on the determinants of corporate governance reporting in a developing country, namely Saudi Arabia. During the last three decades the Kingdom of Saudi Arabia (KSA) has witnessed significant developments in all fields including its business sector. These developments have led to an increased perception in the importance of financial reports and their impact on the national economy as a whole. Hence, serious steps have been taken to promote the accountancy and auditing professions. Among these steps recently was the adapting of Corporate Governance Guidance by the Capital Market Authority (CMA), which recommends all listed firms to report information on corporate governance to the public.

The sample was 97 financial reports and accounts of Saudi Arabian listed companies. It has been looked in this research to nine requirements of Capital Market Authority (CMA) and compared these requirements with the voluntary disclosure presented by Saudi corporations. These requirements included the disclosure in the board of directors' report, formation of the board, audit committee, and nomination and remuneration committee.

The results indicate that there is a negative association between board independence and levels of corporate governance voluntary disclosure in Saudi Arabia. It can be interpreted that outside directors in developing countries are not truly independent as mentioned in Barako et al., (2006). On the other hand, it was found that there is a positive association between audit committee size and the level of

corporate governance voluntary disclosure in Saudi Arabia. We also find firm characteristics (such as: profitability, liquidity and gearing) are associated with the level of corporate governance disclosure by Saudi companies. However, it was not found any statistically significant association between firm size and the level of corporate governance voluntary disclosure in Saudi companies.

The above results would be taken as an example of developing countries. Consideration should be given as to the nature of Saudi Arabian society with its strong dependence on connection of family and friendship, which may considerably impact on the activities of corporate governance voluntary disclosure. In the same way, McKinnon (1984) found in contrast to Western societies, the cultural determinants of interpersonal and intergroup relationships in Japan preclude an intrinsic acceptance of audit independence. This case is also mentioned by Ow-Yong and Guan (2000) in Malaysia.

Further research is needed to examine the value relevance of corporate governance information to stakeholders. For example, an important research questions are: To what extent corporate governance information provide value relevant information to investors? Is there any association between levels of corporate governance voluntary disclosure and firm's cost of capital? To what extent levels of corporate governance voluntary disclosure increase the accuracy of financial analysts' forecasts?

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Table 1: Corporate Governance Compliance Scores

Selected Corporate Governance Rules	Score
Article 9: Disclosure in the Board of Directors' Report: In addition to what is required in the Listing Rules in connection with the content of the report of the Board of Directors, which is appended to the annual financial statements of the company, such report shall include the following:	
(A) Names of any joint stock company or companies in which the company Board of Directors member acts as a member of its Board of directors.	1
(B) Formation of the Board of Directors and classification of its members as follows: executive board member, non-executive board member, or independent board member**.**	1
(C) A brief description of the jurisdictions and duties of the Board's main committees such as the Audit Committee, the Nomination and Remuneration Committee; indicating their names, names of their chairmen, names of their members, and the aggregate of their respective meetings.	1
(D) Details of compensation and remuneration paid to each of the following: 1. The Chairman and members of the Board of Directors. 2. The Top Five executives who have received the highest compensation and remuneration from the company. The CEO and the chief finance officer shall be included if they are not within the top five.	1
Article 12: Formation of the Board Formation of the Board of Directors shall be subject to the following:	
(A) The majority of the members of the Board of Directors shall be non-executive members.	1
(B) The independent members of the Board of Directors shall not be less than two members, or one-third of the members, whichever is greater.	1
(C) A member of the Board of Directors shall not act as a member of the Board of Directors of more than five joint stock companies at the same time.	1
Article 14: Audit Committee (A) The Board of Directors shall set up a committee to be named the "Audit Committee". Its members shall not be less than three, including a specialist in financial and accounting matters. Executive board members are not eligible for Audit Committee membership.	1
(C) The duties and responsibilities of the Audit Committee include the following: 1. To supervise the company's internal audit department to ensure its effectiveness in executing the activities and duties specified by the Board of Directors. 2. To review the internal audit procedure and prepare a written report on such audit	

and its recommendations with respect to it. 3. To review the internal audit reports and pursue the implementation of the corrective measures in respect of the comments included in them. 4. To recommend to the Board of Directors the appointment, dismissal and the Remuneration of external auditors; upon any such recommendation, regard must be made to their independence. 5. To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties. 6. To review together with the external auditor the audit plan and make any comments thereon. 7. To review the external auditor's comments on the financial statements and follow up the actions taken about them. 8. To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto. 9. To review the accounting policies in force and advise the Board of Directors of any recommendation regarding them.	
Article 15: Nomination and Remuneration Committee a) The Board of Directors shall set up a committee to be named "Nomination and Remuneration Committee". c) The duties and responsibilities of the Nomination and Remuneration Committee include the following: 1. Recommend to the Board of Directors appointments to membership of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offence affecting honour or honesty is nominated for such membership. 2. Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such membership, including, *inter alia*, the time that a Board member should reserve for the activities of the Board. 3. Review the structure of the Board of Directors and recommend changes. 4. Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the company's interest. 5. Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company. 6. Draw clear policies regarding the indemnities and remunerations of the Board members and top executives; in laying down such policies, the standards related to performance shall be followed.	1

Table 1 shows the nine selected requirements of corporate governance disclosure by Saudi Capital Market Authority. We compare these requirements with the actual information in the annual reports and accounts of Saudi companies. The full score of the compliance are 9. This decreases if a company fails to comply. The full compliance with any of the nine rules would be given one score. If companies comply with a part of the rule, a half score would be given. If they did not comply with most of required rule, no score would be given. The total compliance score is the sum of four scores from the full compliance with article 9 and three scores from the full compliance with article 12, one score from the full compliance with article 14 and another score from the compliance with article 15.

Table 2: Determinants of Corporate Governance Disclosure

	Coefficient	t-statistic	p-values
Intercept	2.509**	2.287	0.026
Board IND	-0.192**	-2.071	0.042
AC Size	0.835***	3.286	0.002
ROA	0.068***	3.227	0.002
LIQ	0.004***	2.702	0.009
DEBT	0.009*	1.847	0.070
Size	0.001	0.871	0.387
Observations	97		
R- Square	0.313		
F- Value	4.700		
F-Value (Significance)	0.001		

The dependent variable is Corporate Governance Disclosure Score. The independent variables are board independence, audit committee size, profitability, liquidity, debt ratio and size.
Board IND = Board Independence.
AC Size = Audit Committee Size.
ROA = Return on Assets.
LIQ = Liquidity.
DEBT = Gearing ratio.
SIZE = Total assets
The significance levels (two-tail test) are: * = 10 percent, ** = 5 percent, *** = 1 percent.

مستخلص بحث: محددات الإفصاح عن حوكمة الشركات في الشركات السعودية

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هدف الدراسة: هدفت الدراسة إلى اختبار العلاقة بين بعض آليات حوكمة الشركات ومواصفات الشركة وبين مستوى الإفصاح الذي قامت به الشركات المساهمة السعودية. ويساهم البحث في تعميق الفهم للعوامل الرئيسة التي تقود التقرير والإفصاح عن حوكمة الشركات في إحدى الدول النامية (المملكة العربية السعودية).

منهج الدراسة: تكونت العينة من 97 تقرير مالي للشركات المساهمة السعودية خلال عامي 2006 وَ 2007؛ وذلك لأجل تحليل محتوى تلك التقارير السنوية، وهو المنهج الذي تم استخدامه في هذه الدراسة، كما تم تحليل البيانات عن طريق نموذج الانحدار المتعدد لتحقيق هدف البحث. وتم اعتبار الإفصاح عن حوكمة الشركات كمتغير تابع، فيما تم اعتبار بعض مواصفات الشركة (ربحية الشركة – السيولة – حجم المديونية – حجم الشركة) كمتغيرات مستقلة، وبعض آليات حوكمة الشركات (استقلال مجلس الإدارة – حجم لجنة المراجعة) كمتغيرات مستقلة أيضاً.

نتائج الدراسة: وجدت الدراسة أن استقلال مجلس الإدارة، وحجم لجنة المراجعة، والربحية، والسيولة، والرافعة المالية محددات رئيسة للإفصاح عن حوكمة الشركات في المملكة، وفي المقابل لم تظهر أي علاقة إحصائية معنوية بين حجم الشركة والإفصاح عن حوكمة الشركات السعودية.

أصالة الدراسة وإضافتها: تعد هذه الدراسة إضافة للدراسات السابقة حول الإفصاح عن حوكمة الشركات من زاويتين مهمتين؛ أولاهما: أنها تعطي دليلاً عن محددات الإفصاح في التقارير المالية عن حوكمة الشركات في الدول النامية، وخصوصاً منطقة الشرق الأوسط، وتحديداً المملكة العربية السعودية، حيث ندرة الدراسات التي أجريت فيها. ثانيهما: أنها تلفت النظر حول بعض آليات حوكمة الشركات، ومواصفات الشركة التي تقود وتؤثر في الإفصاح عن حوكمة الشركات في التقارير السنوية.