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Explanation of Relationship between Corporate Governance and Information Disclosure of Quoted Companies in Tehran Stock Exchange

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Abstract
The purpose of this research is to review the effect of corporate governance on voluntary and mandatory information disclosure of quoted companies in Tehran stock exchange. The time period of this research is 2007-2011, and it is done on a sample of 194 companies. To analyze research data in pooled/panel mode, we used regression multivariate models with fixed and random effects in Eviews 6 program. In this research, we used corporate governance mechanisms such as auditors, percentage of independent board, ownership centralization, institutional ownership, and free float stocks as independent variables. Dependent variable which is used in this research is information disclosure, which is divided into two categories: mandatory and voluntary. Control variable of this research is company size and financial leverage. Results indicate that among corporate governance mechanisms, percentage of independent board has a positive and significant effect on mandatory and voluntary disclosure of information. Moreover, institutional ownership has a positive and significant effect on mandatory disclosure of information and ownership centralization.
Keywords: Corporate Governance Mechanisms, Voluntary Disclosure, Mandatory Disclosure, Pooled/Panel Regression, Quoted Companies in Stock Exchange

Introduction

Information disclosure and financial transparency are two of the most important dimensions of corporate governance. Accurate and proper disclosure of financial information, such as presenting on-time and accurate profit expectancies, will modify agency issue by filling the gap of information asymmetry between managers and stock holders. On-time and accurate expectancies will improve decision-making ability in individuals who use accounting reports. Weak financial disclosure will mislead stock holders and affect their assets badly. Theoretical and experimental analysis indicates that, increase in information asymmetry between managers and stock holders, has a direct relationship with decrease in number of investors, decreased liquidity of securities, decrease in transactions and overall decrease in social benefits from these exchanges (Ghaemi *et. al.,* 2007, 115).

We should supervise sufficiently to ensure that disclosure responsibility and proper transparency of business institution information is done open to public and other beneficiaries. To do supervision in this field requires proper mechanisms. One of these mechanisms is to design and implement proper corporate governance in companies and business institutions. Corporate governance is a collection of internal and external control mechanisms of company, which specifies that how companies should be governed, and how should be the proper process of accountability and publication of company information to beneficiaries. So, corporate governance causes that company information transparency that is provided by company managers has had higher quality (Nezhad, 2008).

Problem Statement

Fama & Jensen (1983) believe that in most of accounting and financial management issues, corporate is defined as a range of control mechanism that protects the interests of business unit, and it also results in increase in their interests. Moreover, compliance with the disclosure principle in different companies results in transparency of financial and non financial information (Fama & Jensen, 1983). So, in this research we are trying to realize that whether companies, which have powerful corporate governance, use disclosure level effectively and present information to others properly or not.

Research History

Forker (1992) in a research, reviewed the relationship between corporate governance and quality of information disclosure, and he concluded that there is no significant relationship between company size and quality of information disclosure. However, there is an inverse relationship between company audit committee and quality of information disclosure.

Ho & Wong (2001) in a research about finding the relationship between corporate governance and voluntary disclosure concluded that there is a direct relationship between company audit committee and voluntary disclosure of information. While, there is no significant relationship between percentage of independent managers of board and voluntary disclosure of information, and there is an inverse relationship between percentage of family members of board and voluntary disclosure of information.

Motolcsy & Chow (2007) concluded that there is a positive relationship between combination of board members and voluntary disclosure of information in annual reports.

Pizzarro et al (2007) reviewed the effect of institutional ownership and transparency in quoted companies in Chile stock exchange. They realized that the effect of institutional ownership on transparency of reporting is negative. They used an index to measure transparency, which has been rated and calculated by using governance mechanisms. In 1995-2005 periods, they realized that using standards of international financial reporting has a positive and significant relationship with reporting transparency.

Ben Ali (2008) in research named "reviewing the effect of corporate governance on disclosure quality about expropriation of minority" says that there is a main dealer's conflict between owners and main stock holders (dealer's problem type 2). The results indicate that in the market in which centralization of ownership is high, and low protection is made on investors, there is a negative relationship between family control, stocks with double voting rights, power centralization and disclosure quality. Moreover, there is a positive relationship between plans of share purchase authority and the ratio of independent managers of board with disclosure quality.

Black *et. al* (2010) in a research named corporate governance in Brazil concluded that a number of companies revealed information voluntary at any time. But many of them revealed cash flow statements and pooled, sectional financial statements. The law of Brazilian companies often protects minority stock holders` rights. Nevertheless, in Brazil stock exchange, this is done by superior law, that is; government regulations.

Haiyan *et. al* (2011) in a research named centralization of ownership, voluntary disclosure and asymmetry in New Zealand, reviewed the relationship between voluntary disclosure and centralization of ownership. Statistical population of this research includes quoted companies in New Zealand stock exchange, and statistical sample of this research includes 103 companies in years 2001-2005. The results indicate that centralization of ownership has a positive and significant effect on stock demand in stock exchange. Moreover, the findings of this research indicate that there is a significant relationship between voluntary disclosure of companies and information asymmetry, centralization of ownership.

Poor *et. al* (2012) reviewed the effect of corporate governance structure on quality of information disclosure, by using 60 companies in a 6 years period. The results of this analysis indicate that there is significant relationship between ownership percentage of institutional investors and power centralization, with final score of corporate disclosure. While, there is no significant relationship between the ratio of independent board and final score of corporate disclosure.

Research Assumptions

As explained before, this research is going to clarify the effect of some mechanisms of corporate governance on voluntary and mandatory information disclosure of quoted companies in Tehran stock exchange. By considering this introduction, this research has 2 main assumptions and 10 secondary assumptions as below:

1st main assumption: there is a relationship between corporate governance and mandatory disclosure of information.

1st secondary assumption: there is a relationship between auditors' type and mandatory disclosure of information.

2nd secondary assumption: there is relationship between the ratio of independent board and mandatory disclosure of information.

3rd secondary assumptions: there is a relationship between centralization of ownership and mandatory disclosure of information.

4th secondary assumption: there is a relationship between institutional ownership and mandatory disclosure of information.

5th secondary assumption: there is a relationship between free float stocks and voluntary disclosure of information.

Research Variables

To examine the assumptions, variables of this research is divided into three groups: independent variables, dependent variables, and control variables.

Independent Variables

Independent variables of this research are corporate governance mechanisms which include:

1. Auditor type: this variable is a virtual variable (artificial) and if a company audit reference is an audit company, it takes value 1, and if the company is investigated by other audit institutions, it takes 0 values.

2. Ratio of independent board: independent board is a board whose members are not company employees. In this research the ratio of independent board is calculated by dividing the number of board independent members on all board members.

3. Ownership centralization: in this research, ownership centralization variable is calculated by dividing the number of stocks of 3 main stock holders on all company stocks.

4. Institutional ownership: institutional ownership is the ownership of investing institutions such as banks, insurance companies, and investing companies. To calculate it, the number of stocks of institutional stock holders is divided on all company stocks.

5. Free float stocks: free float stocks of quoted companies in Tehran stock exchange is measured per three months, according to stock reception instructions of Tehran stock exchange (approved in stock exchange board meeting held on December of 2007), and its report is announced to investors, analysts, members and publishers. According to waver of article 3 from provision 6 of this instruction: if each of below cases is not totally more than or equal to 5 percent of all company stocks, they are not free float stocks:

a) Stocks holded by each of stock holders,

b) Stocks which are belonged to family stock holders,

c) Stocks which are belonged to legal entities which are in the same group with direct or indirect ownership. Moreover, according to this instruction, companies which are classified in the main panel of first market, secondary panel of first market, and second panel, should have at least 20, 15 and 10 percent of free float stocks.

In this research we use the level of free float stocks of companies at the end of per February.

Dependent Variable

Dependent variable of this research is information disclosure which is divided into two categories: mandatory disclosure and voluntary disclosure.

1. Mandatory disclosure: it is referred to issues that information disclosure is has become mandatory according to law. It is measured according to check list of mandatory information disclosure of audit organization. In this state, to calculate disclosure percentage, disclosed information is divided on all disclosable information.

2. Voluntary disclosure: it is referred to issues that companies disclose information while they are not obliged to do that. In this research we use Jensen index check list to measure voluntary disclosure. In this state, to calculate percentage of voluntary disclosure, disclosed information is divided on all 62 disclosable information.

Control Variables

Control variables used in this research as other effective factors on information disclosure (both mandatory and voluntary), include:

1. Company size: we use normal logarithm of assets at the end of per financial year, to calculate this variable.

2. Financial leverage: to measure this variable, we divide all debts on total assets at the end of per financial year.

Research Population

The population of this research includes all the companies quoted in Tehran stock exchange, which are currently about 343 companies. Time period of this research is 2007-2011 (5 years period).

By considering research nature, and also presence of some inconsistencies between quoted companies in Tehran stock exchange, we considered below conditions in determining research population:

1. To increase comparability, their financial year should end in February.
2. Their financial year or activity should not be changed in the mentioned financial years.
3. Their financial information especially the notes of their financial statements should be accessible in years 2007-2011.
4. They should not be companies, banks and financial intermediation.

It should be mentioned that we use screening (omissive) method to select research population, so that qualified companies are selected and the rest are omitted.

According to mentioned standards, we selected 194 companies. Then, we collected all the required information from Tehran stock exchange databases, Rah Avard Novin and Tadbir Pardaz softwares and stock exchange journals.

Research and Information Collection Method

Research method of this article is, *after event approach*. *After event approach* is going to review the cause and reason of an event which has happened in the past and is over. Since this approach is going to review the cause and effect relationship between research factors, it is a very important method. In such researches, variables cannot be manipulated by researcher, and researcher cannot create artificial or laboratory situations (Seyyed Abbass zade 2001, 171). This research is a classified in correlation researches.

Information regarding research variables were collected through Tadbir Pardaz and Rah Avard Novin databases, and also through www.rdis.ir url (which is belonged to stock exchange company).

Data Analysis and Assumption Examination Method

In this research, 2 regression models in the form of pooled/plan mode are estimated as follow, to examine research assumptions in voluntary disclosure and mandatory disclosure levels:

$$MD_{it} = \beta_0 + \beta_1 * AT_{it} + \beta_2 * IB_{it} + \beta_3 * OC_{it} + \beta_4 * IO_{it} + \beta_5 * FF_{it} + \beta_6 * SIZE_{it} + \beta_7 * LEV_{it} + \varepsilon_{it}$$

$$VD_{it} = \beta_0 + \beta_1 * AT_{it} + \beta_2 * IB_{it} + \beta_3 * OC_{it} + \beta_4 * IO_{it} + \beta_5 * FF_{it} + \beta_6 * SIZE_{it} + \beta_7 * LEV_{it} + \delta_{it} \quad (1)$$

in which:

MD_{it} = mandatory disclosure level in year t for company i

VD_{it} = voluntary disclosure level in year t for company i

AT_{it} = auditor type in uear t for company i

IB_{it} = percentage of independent board in year t for company i

OC_{it} = ownership centralization in year t for company i

IO_{it} = institutional ownership in year t for comapny i

FF_{it} = free float stocks in year t for company i

$SIZE_{it}$ = company size in year t for company i

LEV_{it} = financial leverage in year t for company i

ε_{it} = error of regression model in year t for company i

δ_{it} = error of regression model in year t for company i

It should be mentioned that we select the proper pattern for regression model, before estimating regression models in two above forms, to examine research assumptions. First, we select pooled data model against random data model, by using F-Limer test. If F-limer value is less than significant level of 5%, the use of pooled data is cancelled. Otherwise, the use of pooled data method is suitable.

If pooled date model is not selected against random data, we use Hasman test to select fixed effects pattern against random effects pattern. If Hasman value is less than significant level of 5%, we use fixed pattern to examine research assumption. Otherwise, we use random effects pattern.

In all statistical techniques, EXCELL and Eviews software's are used.

Mergering time and sectional data (pooled data) and its usage necessity, is done mainly for increasing view numbers, increasing freedom level, decreasing dissonance of variance, and decreasing linearity between variables.

Examination of Assumptions

Reviewing Descriptive Statistics of Research Variables

Descriptive statistics of research variables in all companies is shown in table 1.

By comparing coefficient of variation (obtained by dividing standard deviation on average) of independent variables (information disclosure levels) of this research, we conclude that among mentioned variables, mandatory information disclosure in comparison with voluntary information disclosure, has less coefficient of variation and more stability as a result. So, mandatory disclosure level is more reliable for measuring information disclosure level in research period.

By comparing coefficient of variation of dependent variables (corporate governance mechanisms), we conclude that among mentioned variables, ownership centralization variable has the lowest coefficient of variation and scattering and the highest stability as a result. In other side, auditor type variable has the highest coefficient of variation and scattering, and the lowest stability as a result. Then, among corporate governance mechanisms, ownership centralization variable is more reliable than others.

By comparing coefficient of variation of independent and dependent variables of this research, we conclude that information disclosure levels in comparison with corporate governance mechanisms, has lower coefficient of variation (scattering) and higher stability as a result. It indicates that information disclosure levels in all companies should be influenced by some other factors rather than corporate governance mechanisms. These other factors are called control variables in this research.

By comparing coefficient of variation of control variables, we conclude that among mentioned variables, company size variable in comparison with financial leverage variable, has lower coefficient of variation and scattering, and higher stability as a result. Of course it should be mentioned that while normal logarithm is used to measure company size, the stability of this variable is not that reliable.

Table 1
Descriptive statistics of research variables in all companies

Coefficient of variation	Standard deviation	Minimum	Maximum	Mean	Average	number	Standards / variables
0.09	0.03	0.11	0.43	0.35	0.34	970	**Mandatory disclosure level**
0.38	0.03	0.03	0.24	0.08	0.08	970	**Voluntary disclosure level**
1.72	0.43	0	1	0	0.25	970	**Auditor type**
1	0.34	0	1	0.40	0.34	970	**Percentage of independent board**
0.28	0.20	0.09	0.97	0.74	0.71	970	**Ownership centralization**
1	0.31	0	0.98	0.19	0.31	970	**Institutional ownership**
0.57	0.13	0.05	0.55	0.20	0.23	970	**Free float stock**
0.11	1.51	9.88	19.62	13.23	13.42	970	**Company size**
0.36	0.21	0.04	0.98	0.62	0.59	970	**Financial leverage**

Final review of research variables in pooled mode

Final review of research variables are shown in table 2. According to unit root tests from Levin, Lin & Chu test type, since P-Value has been less than 5%, all the dependent, control, and control variables of this research in the research time period. Stability means that the average and variance of variables and covariance of variables has been stable over time. Have been in stable level.

Table 2
Stability test of variables in research time period

Probability of Levin, Lin & Chu test	Value of Levin, Lin & Chu test	Test type / variables
0.0000	-58.14	Mandatory disclosure level
0.0002	-3.54	Voluntary disclosure level
0.0243	-1.97	Auditor type
0.0000	-11.52	Percentage of independent board
0.0000	-22.06	Ownership centralization
0.0000	-297.49	Institutional ownership
0.0000	-19.91	Free float stock
0.0000	-20.80	Company size
0.0000	-22.22	Financial leverage

Reviewing Correlation between Research Variables

The results of correlation between research variable tests in research time period, is shown in table 3.

The results of correlation between corporate governance mechanisms and information disclosure levels in all companies indicate that percentage of independent board has a positive correlation with voluntary information disclosure (0.3), and institutional ownership has a positive correlation with mandatory information disclosure (0.16). Moreover, company size has a positive correlation with voluntary information disclosure (0.31), and mandatory information disclosure (0.24).

The interesting point of these results is the negative relationship (-0.66) between free float stocks and ownership centralization in research period. It indicates that companies which have more ownership centralization, have less free float stocks.

Table 3

Correlation between research variables in all companies

Financial leverage	Company size	Free float stock	Institutional ownership	Ownership centralization	Percentage of independent board	Auditor type	Voluntary disclosure level	Mandatory disclosure level	variables / Variables
								1	**Mandatory disclosure level**
							1	0.21	**Voluntary disclosure level**
						1	0.1	0.03	**Auditor type**
					1	0.07	0.3	0.09	**Percentage of independent board**
				1	0.05	0.26	0.04	-0.03	**Ownership centralization**
			1	0.26	0.11	-0.01	0.08	0.16	**Institutional ownership**
		1	-0.17	-0.66	0.003	-0.18	0.002	0.11	**Free float stock**
	1	-0.05	0.06	0.08	-0.009	0.26	0.24	0.31	**Company size**
1	0.1	-0.03	0.001	0.06	-0.07	0.17	0.01	-0.02	**Financial leverage**

Examination of Research Assumptions in the Level of Mandatory Information Disclosure

Before examination of all research assumption, we selected a proper regression model. First, we select pooled data model against random data model by using F-Limer test, and then we select fixed effects pattern against random effects pattern by using Hasman test.

Combinational regression model of the effects of auditor type on mandatory information disclosure in table 4, shows that the effect of auditor type on mandatory information disclosure is negative (-0.003) but not significant (0.4056) according to possibility of t test.

Other results indicate that the effect of company size on mandatory information disclosure in all companies is positive and significant. It shows that bigger companies have had higher mandatory disclosure level in research period. Moreover, the effect of financial leverage on information mandatory disclosure is negative and significant. It shows that the companies with more financial leverage effect, has lower information disclosure level in research period.

Results about regulated appointment coefficient shows that in research time period, 5.2% of changes of mandatory information disclosure in all companies, has been influenced by auditor type, company size, and financial leverage.

Since the effect of auditor type on mandatory information disclosure is not significant, the first secondary assumption of research is not approved.

Table 4
The effect of auditor type on mandatory information disclosure

The possibility of t	The value of t	Regression coefficient	tests / Variables
0.0000	15.07	0.23	Fixed amount
0.4056	-0.83	-0.003	Auditor type
0.0000	7.35	0.009	Company size
0.0419	-2.04	-0.007	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.97	0.0000	0.052	0.055

Combinational regression model of effects of independent board percentage on mandatory information disclosure in table 5, shows that the effect of independent board percentage on mandatory information disclosure in all companies, is positive (0.007) and according to possibility of F test, it is significant. It indicates that by increasing not required members of board, the level of mandatory information disclosure increases, which can lead to higher efficiency of asset market.

Results about regulated appointment coefficient shows that in research time period, 6% of changes of mandatory information disclosure in all companies, has been influenced by percentage of independent board, company size, and financial leverage. Since the effect of percentage of independent board on mandatory information disclosure is significant, the second secondary assumption of research is approved.

Table 5
The effect of percentage of independent board on mandatory information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	15.12	0.23	Fixed amount
0.0033	2.95	0.007	Percentage of independent board
0.0000	7.16	0.008	Company size
0.0475	-1.98	-0.006	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.90	0.0000	0.060	0.062

Combinational regression model of the effects of ownership centralization on mandatory information disclosure in table 6, shows that the effect of ownership centralization on mandatory information disclosure is negative (-0.006) but according to possibility of t test (0.3823), it is not significant. Results about regulated appointment coefficient shows that in research time period, 5.2% of changes of mandatory information disclosure in all companies, has been influenced by ownership centralization, company size, and financial leverage. Since the effect of ownership centralization on mandatory information disclosure is significant, the third secondary assumption of research is not approved.

Table 6

The effect of ownership centralization on mandatory information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	14.69	0.24	Fixed amount
0.3823	-0.87	-0.006	Ownership centralization
0.0000	7.32	0.008	Company size
0.0350	-2.11	-0.007	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.68	0.0000	0.052	0.055

Combinational regression model of effects of institutional ownership on mandatory information disclosure in table 7, shows that the effect of institutional ownership on mandatory information disclosure is positive (0.01) and according to possibility of t test (0.0123), it is significant. It indicates that by increasing institutional ownership, the level of mandatory information disclosure increases accordingly. It leads to higher efficiencies of asset market. Results about regulated appointment coefficient shows that in research time period, 5.7% of changes of mandatory information disclosure in all companies, has been influenced by institutional ownership, company size, and financial leverage. Since the effect of institutional ownership on mandatory information disclosure is significant, the fourth secondary assumption of research is approved.

Table 7

The effect of institutional ownership on mandatory information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	15.09	0.23	Fixed amount
0.0132	2.48	0.01	Institutional ownership
0.0000	7.21	0.008	Company size
0.333	-2.13	-0.007	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.88	0.0000	0.057	0.060

Combinational regression model of effects of free float stocks on mandatory information disclosure in table 8, shows that the effect of free float stocks on mandatory information disclosure is positive (0.02) and according to possibility of t test (0.1011), it is not significant. Results about regulated appointment coefficient shows that in research time period, 5.4% of changes of mandatory information disclosure in all companies, has been influenced by free float stocks, company size, and financial leverage. Since the effect of free float stocks on mandatory information disclosure is not significant, the fifth secondary assumption of research is not approved.

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Table 8

The effect of free float stocks on mandatory information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	14.72	0.23	Fixed amount
0.1011	1.64	0.02	Free float stocks
0.0000	7.33	0.008	Company size
0.332	-2.13	-0.007	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.74	0.0000	0.054	0.057

Examination of Research Assumption in the Level of Voluntary Information Disclosure

Combinational regression model of effects of auditor type on voluntary information disclosure in table 9, shows that the effect of auditor type on voluntary information disclosure is negative (-0.001) and according to possibility of t test (0.7504), it is not significant. Other results indicate that in all companies, the effect of company size on voluntary information disclosure is positive and significant. It shows that bigger companies in research period have had higher level of voluntary information disclosure. Moreover, the effect of financial leverage on voluntary information disclosure is negative and significant. It indicates that companies which have higher financial leverage have had lower level of voluntary information disclosure in research period. Results about regulated appointment coefficient shows that in research time period, 5.4% of changes of voluntary information disclosure in all companies, has been influenced by auditor type, company size, and financial leverage. Since the effect of auditor type on voluntary information disclosure is not significant, the first secondary assumption of research is not approved.

Table 9

The effect of auditor type on voluntary information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	-7.42	-0.21	Fixed amount
0.7504	-0.32	-0.001	Auditor type
0.0000	10.70	0.02	Company size
0.000	-4.61	-0.02	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.74	0.0000	0.721	0.778

Combinational regression model of effects of percentage of independent board on voluntary information disclosure in table 10, shows that the effect of percentage of independent board on voluntary information disclosure is positive (0.01) and according to possibility of t test (0.0003), it is significant. It indicates that by increasing not required members of board, the level of voluntary information disclosure increases accordingly. It can

lead to higher efficiencies of asset market. Results about regulated appointment coefficient shows that in research time period, 72.6% of changes of voluntary information disclosure in all companies, has been influenced by percentage of independent board, company size, and financial leverage.
Since the effect of percentage of independent board on voluntary information disclosure is significant, the second secondary assumption of research is approved.

Table 10
The effect of percentage of independent board on voluntary information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	-7.40	-0.20	Fixed amount
0.0003	3.63	0.01	Percentage of independent board
0.0000	10.50	0.02	Company size
0.0000	-4.52	-0.02	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.99	0.0000	0.726	0.781

Combinational regression model of effects of ownership centralization on voluntary information disclosure in table 11, shows that the effect of ownership centralization on voluntary information disclosure is positive (0.04) and according to possibility of t test (0.0002), it is significant. It indicates that by increasing ownership centralization, the level of voluntary information disclosure increases accordingly. It can lead to higher efficiencies of asset market. Results about regulated appointment coefficient shows that in research time period, 72.6% of changes of voluntary information disclosure in all companies, has been influenced by ownership centralization, company size, and financial leverage. Since the effect of ownership centralization on voluntary information disclosure is significant, the third secondary assumption of research is approved.

Table 11
The effect of ownership centralization on voluntary information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0002	-8.44	-0.24	Fixed amount
0.0000	11.17	0.02	Ownership centralization
0.0000	10.50	0.02	Company size
0.0000	-4.60	-0.02	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.62	0.0000	0.726	0.782

Combinational regression model of effects of institutional ownership on voluntary information disclosure in table 12, shows that the effect of institutional ownership on voluntary information disclosure is positive (0.01) and according to possibility of t test

(0.4458), it is not significant. Results about regulated appointment coefficient shows that in research time period, 72.2% of changes of voluntary information disclosure in all companies, has been influenced by institutional ownership, company size, and financial leverage. Since the effect of institutional ownership on voluntary information disclosure is not significant, the fourth secondary assumption of research is approved.

Table 12
The effect of institutional ownership on voluntary information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	-7.64	-0.21	Fixed amount
0.4458	0.76	0.01	Institutional ownership
0.0000	10.83	0.02	Company size
0.0000	-4.67	-0.02	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.59	0.0000	0.722	0.778

Combinational regression model of effects of free float stocks on voluntary information disclosure in table 13, shows that the effect of institutional ownership on voluntary information disclosure is negative (-0.0002) and according to possibility of t test (0.9895), it is not significant. Results about regulated appointment coefficient shows that in research time period, 72.1% of changes of voluntary information disclosure in all companies, has been influenced by free float stocks, company size, and financial leverage. Since the effect of free float stocks on voluntary information disclosure is not significant, the fifth secondary assumption of research is approved.

Table 13
The effect of free float stocks on voluntary information disclosure

The possibility of t	The value of t	Regression coefficient	Tests / Variables
0.0000	-7.58	-0.21	Fixed amount
0.9895	-0.01	-0.0002	Free float stocks
0.0000	10.83	0.28	Company size
0.0000	-4.65	-0.02	Financial leverage
Doorbin-Watson test	The possibility of F	The regulated appointment coefficient	Appointment coefficient
1.62	0.0000	0.721	0.778

Argument, Conclusion and Recommendation

The purpose of this research is to review the effect of some corporate governance mechanisms on mandatory and voluntary information disclosure of quoted companies in stock exchange. The results show that:

1. Auditor type has had no effect on mandatory and voluntary information disclosure. This can be a result of inefficiencies of audit organization in influencing on disclosure of

information of companies being reviewed (including both mandatory and voluntary disclosure).

2. Percentage of independent board has had a positive and significant effect on mandatory and voluntary information disclosure. It can be a result of efficiencies of not required members of board in influencing company manger to disclose their information (including both mandatory and voluntary disclosure).

3. Ownership centralization has had no effect on mandatory information disclosure. It can be a result of inefficiencies of ownership centralization in influencing on mandatory information disclosure of companies.

4. Institutional ownership has had positive and significant effect on mandatory information disclosure. It can be a result of efficiencies of institutional ownership in influencing on mandatory information disclosure of companies.

5. Free float stocks has had no effect on mandatory and voluntary information disclosure. It can be a result of inefficiencies of free float stocks in influencing on information disclosure of companies being reviewed (including both mandatory and voluntary disclosure).

6. Ownership centralization has positive and significant effect on voluntary information disclosure. It can be a result of efficiencies of ownership centralization in influencing on voluntary information disclosure of companies being reviewed.

7. Institutional ownership has had no effect on voluntary information disclosure. It can be a result of inefficiencies institutional ownership in influencing on voluntary information disclosure of companies being reviewed.

8. Company size has had positive and significant effect on mandatory and voluntary information disclosure. It indicates that bigger companies have had higher level of mandatory and voluntary information disclosure in research period.

9. Financial leverage has had negative and significant effect on mandatory and voluntary information disclosure. It indicates that companies with higher level of financial leverage have had lower level of mandatory and voluntary information disclosure.

Considering above mentioned results, we can recommend the followings:

1. Since auditor type has had no effect on mandatory and voluntary information disclosure in research period, it seems that the effect of audit organization on information disclosure in assets market is not significant, or their effects on assets market are delayed. So, we recommend Tehran stock exchange to notice the audit quality done by audit organizations, so that assets market get more efficient through information disclosure.

2. Since percentage of independent board has had positive and significant effect on mandatory and voluntary information disclosure in research period, it seems that the effect of not required members of board on information disclosure in assets market is significant. So, we recommend Tehran stock exchange to notice the optimum combination of board members of companies, so that assets market get more efficient through information disclosure.

3. Since ownership centralization has had positive and significant effect on voluntary information disclosure, but has had no effect on mandatory information disclosure, in research period, it seems that main stock holders of companies think about their own interests more than anything else. So, we recommend Tehran stock exchange to notice the accuracy of voluntary disclosed information by companies, so that assets market get more efficient through information disclosure.

4. Since ownership centralization has had positive and significant effect on voluntary information disclosure, but has had no effect on mandatory information disclosure, in research period, it seems that main stock holders of companies think about their own interests more than anything else. So, we recommend potential and also small stock holders to notice the accuracy of voluntary disclosed information by companies, so that assets market get more efficient through information disclosure.

Recommendations for Future Researches

On the researcher`s opinion, in this domain there are different topics which can be important for future researches. We recommend that in order to make a better use of research results, and also to unfold the relationship between corporate mechanisms and mandatory and voluntary information disclosure in future, consider the following issues:

1. To review the effect of economic situations such as the presence of inflation and currency fluctuations, on the relationship between corporate governance mechanisms and mandatory and voluntary information disclosure.

2. To review and examine the relationship between corporate governance mechanisms and mandatory and voluntary information disclosure for loss-making companies in comparison will profit-making companies.

3. Since there is much fluctuation in economical, cultural, and political factors which govern companies in Iran, we recommend that non-linear regression design to be used to appoint the relationship between corporate governance mechanisms and mandatory and voluntary information disclosure, in future researches.

Research Constraints

1. Data extracted from financial statements are related to years 2007-2011, in these time period so many changes has been made on accounting standards. So, extracted numbers may be heterogeneous.

2. Voluntary information disclosure has no fixed definition. So, there are different definitions based on different viewpoints. Therefore, maybe the use of different methods has had effects on research results.

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