

DETERMINANTS OF COMPLIANCE WITH MANDATORY DISCLOSURE: RESEARCH EVIDENCE

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Abstract

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This study analyses research evidence on the determinants of compliance with mandatory disclosure requirements, classified in four main areas: business characteristics, country characteristics, enforcement and corporate governance. The literature concerning the compliance with mandatory disclosure requirements is a relatively recent field of research when compared to the literature on voluntary disclosure. Given the well-known economic benefits of disclosure, it is of great interest to academics and practitioners to understand the incentives that explain the behaviour of firms in terms of compliance with disclosure requirements. This review provides several insights. First, although the business characteristics found in different studies as explanatory factors for the level of compliance are not always the same, there are four business characteristics that predominate as explanatory factors of the level of compliance with disclosure requirements: the firm's size, the firm's profitability, the type of auditor, and the level of internationalization. Second, the country characteristics and the enforcement have always proved to be relevant when analysing the level of compliance with mandatory disclosure requirements, independently of the approach used. Third, some corporate governance characteristics (including the nature of the board members and the type of ownership/control) begin to emerge as determinants of the level of compliance with mandatory disclosure. Overall, whereas research on the determinants of compliance with mandatory disclosure requirements provides relevant insights, it does not yet provide a sufficient accumulation of empirical evidence. Based on this, we develop suggestions for future research, highlighting the importance of analysing the role of corporate governance on the level of compliance with mandatory disclosure requirements.

Keywords: Disclosure, Compliance, Corporate Governance

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1. INTRODUCTION

This paper provides a summary of research evidence on the determinants of compliance with mandatory disclosure requirements, as well as suggestions for future research on this issue.

When the studies on accounting disclosure began in the 1960s, disclosure was mainly voluntary and, as a result, the studies focused primarily on analysing the determinants and economic consequences of voluntary disclosure.

Unlike the empirical research regarding

voluntary disclosure, which has several decades' years of history, the literature concerning the compliance with mandatory disclosure requirements is much more recent.

Mandatory disclosure is the "*minimum information which promulgated regulation requires from a reporting entity*" (Abdullah, Evans, Fraser & Tsalavoutas, 2015: 330). The increase in the number of mandatory disclosure requirements associated with the International Financial Reporting Standards (IFRS) and the worldwide adoption of these international standards in recent years has resulted in

considerable growth in the number of studies on the determinants of compliance with mandatory disclosure.

However, while some studies address the determinants that may influence the fulfilment of disclosure requirements, other equally important studies seek empirical evidence for the economic consequences of the level of compliance with disclosure requirements. For example, Hodgson, Tondkar, Harless & Adhikari (2008) found that compliance with the IFRS disclosure requirements decreases information asymmetry and improves the ability of financial analysts to provide more precise forecasts. Other studies also provide empirical evidence on the economic benefits of disclosures, namely the reduction in the information asymmetry and the cost of capital and the attraction of investors (e.g. Diamond & Robert, 1991; Botosan, 1997).

Due to the impact of information disclosure, it is important to carefully examine whether companies comply with mandatory disclosure and what determinants affect such compliance. Samaha & Khlif (2016, a, b) state that Positivist Accounting Theory helps explain compliance with IFRS based on corporate characteristics and it should take into consideration the following four theories: Agency theory, Signalling Theory, Political Process Theory, and Capital Need Theory. In this work, we analyse these four organizational theories in a summarized way and investigate how they can be linked to the level of compliance with mandatory disclosure requirements.

An analysis is also made herein of the studies on the determinants of compliance with mandatory disclosure requirements in order to determine how these studies have evolved, notably, which determinants have been tested and which supporting theories have been used. Our examination of these studies uses the following typology: Business, Country, Enforcement, and Corporate Governance.

This study contributes to the literature by analysing the studies on the determinants of compliance with disclosure requirements in four strands (Business Characteristics, Country Characteristics, Enforcement, and Corporate Governance), leading to conclusions in each of the strands. This study also allows us to verify the determinants of compliance that are emerging in recent literature.

Section 2 provides a theoretical framework, exposing some organizational theories, as well as the determinants underlying them that interrelate with compliance with mandatory disclosure requirements. Section 3 describes the methodology for collecting articles and how the analysis of these articles was prepared. In Section 4 an analysis of the literature on the determinants of compliance is performed in four areas (Business Characteristics, Country Characteristics, Enforcement, and Corporate Governance). Finally, Section 5 presents the main conclusions and suggestions for future research.

2. ORGANIZATIONAL THEORIES

Organizational theories are of great importance because accounting is an integral part of the structure of an organization and an understanding of accounting practices is therefore essential (Jensen, 1983). Our study focuses on the accounting practices for disclosure and then mentions four organizational theories (Agency, Signalling, Political Process, and Capital Need theories) and how they

can interconnect with the level of compliance with disclosure requirements.

Agency Theory states that the owners and managers tend to act in their own interest and it is this separation of interests that causes conflicts (Morris, 1987), hence the need for good governance mechanisms (Gillan & Starks, 2003). In this theory, the disclosure is used to reduce the agency costs and information asymmetry found between owners and managers. The following determinants of compliance with mandatory disclosure requirements are usually related to this theory: size, leverage, ownership diffusion, type of auditor, and profitability (Samaha & Khlif, 2016, b; Alanezi & Albulouhi, 2011; Al-Akra, Eddie & Ali, 2010; Inchausti, 1997; Demir & Bahadir, 2014; Ferrer & Ferrer, 2011).

Under Signalling Theory asymmetry is reduced with information sharing and compliance with IFRS (Samaha & Khlif, 2016, a). The determinants usually associated with this theory are liquidity, profitability, leverage, type of auditor, size, and industry (Samaha & Khlif, 2016, b; Demir & Bahadir, 2014; Owusu-Ansah, 1998).

In the Political Process Theory, it is hypothesized that accounting data is used to fix prices in regulated industries, to fix tax policy, or to decide policy on subsidies for companies (Inchausti, 1997). Under this theory, correct compliance with mandatory disclosure is vital to ensure that the prices, taxes, and policies are fair. This theory is tied to the size and profitability determinants (Samaha & Khlif, 2016, b; Archambault & Archambault, 2003).

Finally, Capital Need Theory hypothesizes that companies wish to obtain capital as cheaply as possible (Samaha & Khlif, 2016, a, b). Correct compliance with disclosure requirements is also important in this theory, not only to allow access to financing but also as a way of not deceiving lenders and investors. This theory is tied to the determinants of internationalization, including foreign listing (Samaha & Khlif, 2016, b).

3. METHODOLOGY

The objective of this study is to understand how the literature on the determinants of compliance with mandatory disclosure requirements has evolved over time and propose suggestions for future research. With this aim, we search for published articles on this issue in a very comprehensive online library that comprises articles published by leading publishers, such as the Taylor and Francis, Wiley, Elsevier, Springer or Emerald, as well as published articles included in major research platforms, such as the Web of Science. This search was carried out with the following search terms: mandatory disclosure, compliance with mandatory disclosure, and compliance with IFRS.

This search leads us to the identification of 25 published articles dating from 1992 (Cooke, 1992) until 2015 (Ebrahim & Fattah, 2015; Abdullah et al., 2015). After reading carefully all these studies, we find that they pointed out several and diverse determinants of compliance with mandatory disclosure requirements. Therefore, we classified the studies based on the type of determinants on the following categories: Business Characteristics, Country Characteristics, Enforcement and Corporate Governance.

The studies analysing business characteristics as determinants of compliance with mandatory disclosure requirement have been logically embedded within category Business Characteristics.

Examples of these determinants include the firms' size, industry, profitability, liquidity, leverage, ownership structure, age, multinational affiliation, and type of auditor.

The studies in which the objective was to understand how the reality of the countries influences the fulfilment of mandatory disclosure requirements have been embedded in the Country Characteristics category.

Studies in which the objective was to understand how the introduction of accounting rules improved compliance with mandatory disclosure or studies comparing two accounting legislations in order to compare compliance with mandatory disclosure requirements were embedded in the Enforcement category.

Finally, studies where the main objective was to demonstrate that determinants related to corporate governance might affect compliance with mandatory disclosure requirements have been embedded in the Corporate Governance category. Examples of these determinants include independent members, family members and foreign members, type of training held by members and institutional investors.

4. MANDATORY DISCLOSURE STUDIES

The analysis of the studies on the determinant of the level of compliance with mandatory disclosure requirements uses the following typology: Business Characteristics, Country Characteristics, Enforcement, and Corporate Governance.

Some of the studies discussed here, especially older studies, address both mandatory and voluntary disclosure because it is only more recently

that mandatory disclosure has been increased through, for example, IAS/IFRS, which are gaining importance, and therefore prior to this it was necessary to analyse voluntary and mandatory disclosure together.

In most of the studies mentioned below, the authors created an index to identify the level of compliance with disclosure requirements, which is generally considered the dependent variable of a regression.

4.1. Mandatory disclosure studies – business characteristics

Several studies on the business determinants of disclosure were examined. It should be noted that in the older studies, these determinants are for voluntary disclosure and for mandatory disclosure. Examples of this situation are the studies developed by Cooke (1992) and Wallace & Naser (1995). On the other hand, Owusu-Ansah (1998) analysed only the fulfilment of mandatory disclosure in Zimbabwe.

Beginning in 2000, studies emerged on the determinants of mandatory disclosure, in which the mandatory disclosure parameters are stipulated in the IAS/IFRS. Examples of these studies are those of Ali, Ahmed & Henry (2004), Ferrer & Ferrer (2011), Tsalavoutas (2011), Maia et al. (2012), Demir & Bahadir (2014), Nakayama & Salotti (2014), and Santos et al. (2014).

The studies on the effect of Business Characteristics on the level of compliance with mandatory disclosure requirements are summarised in Table 1.

Table 1. Prior research on the effect of business characteristics on the level of compliance with mandatory disclosure

Author/s	Sample Location	Compliance with:	Compliance determinants tested	Theories	Compliance determinants with significant results
Cooke (1992)	Japan	Rules about: financial statements, measurements and valuation methods, ratios, statistics and segmental information, projections and budgetary disclosure, and social responsibility accounting	Size, industry, stock market system	-	Size and industry
Wallace & Naser (1995)	Hong Kong	Disclosure rules at that time	Size, profit, ROE, liquidity, leverage	-	Size and profitability
Owusu-Ansah (1998)	Zimbabwe	Mandatory disclosure	Size, ownership structure, age, profitability, multinational corporation affiliation, audit firm, industry, and liquidity	Agency and Signalling	Size, ownership structure, age, profitability, and multinational corporation affiliation
Ali et al. (2004)	India, Pakistan and Bangladesh	14 IAS	Size, profitability, multinational-company status, leverage, and size of external auditors	-	Size, profitability, and multinational-company status
Ferrer & Ferrer (2011)	Philippines	IFRS	Relationship between profitability (various ratios)	Agency	-
Tsalavoutas (2011)	Greece	IFRS	Size, Leverage, Change in the 2004 shareholders' Equity, Profitability, Change in the 2004 net profit, Liquidity, Audit firm size, and Industry	-	Change in the 2004 shareholders' Equity, Change in the 2004 net profit, audit firm size, and industry
Maia et al. (2012)	Brazil	IFRS	Big 4, ADR, Corporate governance, leverage, firm size, and profitability	-	Big 4, ADR, corporate governance, and leverage
Demir & Bahadir (2014)	Turkey	IFRS	Big 4, leverage, profitability, size, and company age	Agency and Signalling	Big 4 and leverage
Nakayama & Salotti (2014)	Brazil	CPC 15	Big 4, year of adoption of the standard, goodwill, and dispersion of capital.	-	Big 4 and year of the adoption of the standard
Santos et al. (2014)	Brazil	IFRS	Leverage, Size, Profitability, International listing, Big 4, Governance, and Industry	-	Size and Big 4

We can verify that studies on compliance with IAS/IFRS disclosure requirements began to emerge in about 2000 when these standards were gaining great importance at the international level. Prior to this date, studies on mandatory disclosure were conducted taking into account the rules imposed by the stock exchange in each country.

An analysis of the empirical studies included in Table 1 shows that Agency and Signalling theories were the most commonly used theories over time to justify the determinants of compliance. It is important to analyse organizational theories because, according to Samaha & Khlif (2016, a, b), these theories link corporate determinants to compliance. We also find that many authors do not mention theories in their studies but rely on literature to choose their determinants of

compliance.

We also can verify that many business variables have been tested during the period of analysis since the paper developed by Cooke (1992) until the above-mentioned most recent papers by Demir & Bahadir (2014), Nakayama & Salotti (2014), and Santos et al. (2014). These variables include size, industry, profit, foreign sales, debt, listed companies, age, multinationality, and liquidity. However, we highlight that the results for these variables sometimes vary in these studies because they are obtained in different contexts with specific country factors, namely legal, political, tax, economic, cultural, and historical factors. Table 2 summarizes the variables that are statistically significant in each of these studies.

Table 2. The business characteristics that explain the level of compliance with disclosure requirements

Studies	Sample	Size	Leverage	Ownership diffusion	Type of auditor	Profitability	Liquidity	Industry	Internationalization
Cooke (1992)	Japan	1						1	
Wallace & Naser (1995)	Hong Kong	1	0			-1			
Ali et al. (2004)	India, Pakistan and Bangladesh	1	0		0	1			1
Ferrer & Ferrer (2011)	The Philippines					0			
Owusu-Ansah (1998)	Zimbabwe	1		1	0	1	0	0	1
Demir & Bahadir (2014)	Turkey	0	-1		1	0			
Tsalavoutas (2011)	Greece				1		0	1	
Maia et al. (2012)	Brazil	0	1		1	0			1
Nakayama & Salotti (2014)	Brazil			0	1				
Santos et al. (2014)	Brazil	1	0		1	0		0	0

Note: 1 - significant and positive relationship with the compliance of the mandatory disclosure
 -1 - significant and negative relationship with the compliance of the mandatory disclosure
 0 - Non-significant relationship

We can conclude that some theories cannot always be used to explain the results. Based on the Agency Theory, it is expected that compliance is affected by size, indebtedness, profitability, liquidity, auditing, and industry; and according to Signalling Theory, size and profitability are expected to affect compliance. However, the findings in Demir & Bahadir (2014) and Santos et al. (2014) show that it is not always possible to confirm the significant relationship between the firm's size and the level of compliance with disclosure requirements. In addition, the findings in Demir & Bahadir (2014) show that leverage has a significant - but negative - relationship with the level of compliance, while Wallace & Naser (1995), Ali et al. (2004) and Santos et al. (2014) show that it is not always possible to confirm the significant relationship between the firm's leverage and the level of compliance with mandatory disclosure requirements. The same conclusions can be reached for the other business determinants of the level of compliance with disclosure requirements.

But although the explanatory variables found in different studies are not always the same, there are four business characteristics that predominate as explanatory factors of the level of compliance with

disclosure requirements: the firm's size, the firm's profitability, the type of auditor, and the level of internationalization. It seems that larger and more profitable firms, firms audited by a Big 4, and firms with a higher level of internationalization, are more likely to comply with mandatory disclosure requirements.

The divergences found in the explanatory power of some business characteristics can be explained by the fact that, as stated by Maia et al. (2012), accounting is shaped under the direct influence of several surrounding environmental factors and the setting of accounting practices cannot be separated from the following: the country's legal system, political, taxation, and economic factors, culture, and history.

We also emphasize the fact that although there are studies undertaken in the same location, the results regarding the determinants of compliance are not always the same. For example, the studies developed by Maia et al. (2012) and Santos et al. (2014) analyse the same setting and found different results for the variables size and indebtedness. However, coincidentally or not, in the studies that were located in Brazil (Maia et al., 2012; Nakayama & Salotti, 2014; Santos et al., 2014), the type of auditor

was always a significant variable.

In conclusion, when analysing the determinants of compliance, it is indeed very important to understand the reality of the country, because there may be determinants that are definitely important in each reality, while others are not.

4.2. Mandatory disclosure studies – country characteristics

Due to the divergence of the results found in the literature about business characteristics and because the reality of the countries under analysis is very

important, it is expected that country characteristics have a strong effect on the level of compliance with disclosure requirements. Some studies, such as those developed by Zarzeski (1996), Tower, Hancock & Taplin (1999), Street & Gray (2002), Archambault & Archambault (2003), Glaum, Schmidt & Street (2013) and Lucas & Lourenço (2014), have focused on country characteristics.

The studies on the effect of country characteristics on the level of compliance with mandatory disclosure requirements are summarized in Table 3.

Table 3. Prior research on the effect of country characteristics on the level of compliance with mandatory disclosure

<i>Author/s</i>	<i>Sample location</i>	<i>Compliance with:</i>	<i>Main Results</i>
Zarzeski (1996)	France, Germany, Hong Kong, Japan, Norway, United Kingdom, and the United States	Required disclosure	Enterprises operating in a global culture appear to be disclosing more, while local enterprises disclose financial information commensurate with the secretiveness of their local culture.
Tower et al. (1999)	Australia, Hong Kong, Malaysia, Philippines, Singapore, and Thailand	IAS 1, 2, 5, 7-11, 13, 14, 16-25, 27, 28, 30-33	The country in which a company reports influences the financial reporting rules.
Street & Gray (2002)	Various at global level	IAS	There is a positive significant association between the level of compliance and being based in China or Switzerland, and there is a negative association with being domiciled in France, Germany, and other Western Europe countries, and even in Africa.
Archambault & Archambault (2003)	33 countries	General information, income statement, balance sheet, cash-flows statement, accounting policies, and supplementary information extracted from annual reports.	Disclosure is a response to cultural, national, economic, and corporate systems factors.
Glaum et al. (2013)	Europe	IFRS 3 and IAS 36	The level of compliance is influenced by the level of enforcement, by the size of the capital market, and by the culture of the countries.
Lucas & Lourenço (2014)	Europe	IFRS 3	Firms located in common-law countries have a strong level of compliance with IFRS 3, while firms located in the "French-civil-law" countries have poor compliance.

We can verify that the country characteristics have always proven to be relevant when analysing the level of compliance with mandatory disclosure requirements, independently of the approach used. Some authors analyse the culture of the countries, checking the role of having a global culture (Zarzeski, 1996), and others analyse the countries' characteristics based on their legal system (Lucas & Lourenço, 2014). In general, these results show that location is a very important factor to take into account when analysing the compliance with disclosure requirements.

4.3. Mandatory disclosure studies – enforcement

In addition to studying business and country characteristics, some authors focus their research on the role of enforcement. For example, Inchausti (1997), Street & Bryant (2000), Glaum & Street (2003), Owusu-Ansah & Yeoh (2005), and Al-Akra et al. (2010) have sought to determine if the level of enforcement affects the level of compliance with disclosure requirements.

The studies on the effect of enforcement on the level of compliance with mandatory disclosure requirements are summarized in Table 4.

Table 4. Prior research on the effect of enforcement on the level of compliance with mandatory disclosure

<i>Author/s</i>	<i>Sample location</i>	<i>Compliance with:</i>	<i>Main Results</i>
Inchausti (1997)	Spain	Rules of stock, law, and plan	It is impossible to leave disclosure to the market alone because accounting must be controlled in order to ensure that firms satisfy the information needs of different users.
Street & Bryant (2000)	Various at global level	IAS	The enforcement is greater for companies with U.S. listings or filings.
Glaum & Street (2003)	German	IAS and U.S. GAAP	The enforcement of U.S. GAAP outside the U.S. is stronger compared with IAS.
Owusu-Ansah & Yeoh (2005)	New Zealand	FRS	Compliance improved significantly after the implementation of FRA.
Al-Akra et al. (2010)	Jordan	IFRS	Regulation and governance reforms and the mandate of audit committees are significant determinants of compliance.

Table 4 reveals that the level of enforcement, similar to the country characteristics, also plays a considerable role in explaining the level of compliance with mandatory disclosure, regardless of the location of the studies mentioned.

We can also conclude that some authors study the level of enforcement by comparing two regulations: the U.S. GAAP and the IFRS (Glaum & Street, 2003). It should be noted that the American reality is known to have very rigid rules, hence the authors seek to analyse enforcement in this context (Street & Bryant, 2000; Glaum & Street, 2003). To measure enforcement, it is also usual for some authors to compare compliance over time, that is, to compare whether compliance has increased after adopting rules that penalize noncompliance by countries. This is the case of the studies of Owusu-Ansah & Yeoh (2005) and Al-Akra et al. (2010).

4.4. Mandatory disclosure studies – corporate governance

In spite of providing solid evidence on the effect of country characteristics and enforcement on the level of compliance, the earlier literature reports divergent results regarding the business characteristics that play a significant role in explaining the level of compliance with disclosure requirements.

Therefore, some authors have also investigated whether corporate governance characteristics have a significant effect on the level compliance with disclosure requirements. These studies are summarized in Table 5. It should be noted that although previously mentioned studies on business characteristics also included governance variables, we now refer to studies that focus only on governance variables.

Table 5. Prior research on the effect of corporate governance on the level of compliance with mandatory disclosure

<i>Author/s</i>	<i>Sample location</i>	<i>Compliance with:</i>	<i>Main Results</i>
Chen & Jaggi (2000)	Hong Kong	Disclosure rules	The positive association between the proportion of independents on corporate boards and mandatory financial disclosures and the association between family control and compliance is weaker for family-controlled firms than for non-family controlled firms.
Alanezi & Albuloushi (2011)	Kuwait	IFRS	Compliance is lower in family-dominated companies but is higher when there is an audit committee and when leverage is higher.
Abdullah et al. (2015)	Malaysia	IFRS	These authors demonstrate a negative association between family control and the board's expertise in accounting with compliance with IFRS.
Ebrahim & Fattah (2015)	Egypt	IAS 12 and EAS 24	Companies with higher levels of institutional ownership and foreign representation on the board are more likely to engage an audit firm with international affiliation and comply with IFRS recognition and disclosure requirements.

Table 5 shows that some recent studies examine the individual characteristics of the board members and their effect on the level of compliance with mandatory disclosure requirements.

Chen & Jaggi (2000) examined the association between compliance with mandatory disclosure and independent members on corporate boards in Hong Kong. The results suggest that there is a positive association between the proportion of independent members on corporate boards and mandatory financial disclosures. They also analyse the effect of family control and their findings indicate that this association is weaker for family-controlled firms than for non-family controlled firms.

Alanezi & Albuloushi (2011) determined the impact of the presence of a voluntary audit committee on required disclosure practices of IFRS in Kuwait. The results revealed that the presence of an audit committee, several members of the same family on the board, and leverage were the most important variables to explain companies' disclosure practices of IFRS. They also showed that compliance is lower in family-dominated companies, but is greater when there is an audit committee and when the leverage is higher.

Abdullah et al. (2015) examine the effect of family control on IFRS mandatory disclosures in Malaysia. These authors demonstrate a negative association between family control and compliance with IFRS. Interestingly, a negative relationship was also found between the board's expertise in accounting and compliance. The authors suggest

that managers with expertise in accounting can use this knowledge tendentiously and reveal only what is in their own interests

Finally, Ebrahim & Fattah (2015) studied institutional ownership and foreign representation on the board as determinants of compliance with IFRS recognition and disclosure requirements of income tax accounting in Egypt (IAS 12). Using the initial IFRS adoption in Egypt, the results provide evidence that companies with higher levels of institutional ownership and foreign representation on the board are more likely to engage an audit firm with international affiliation and comply with IFRS recognition and disclosure requirements.

We thus found that the relationship between the nature of the corporate governance and the degree of compliance with disclosure requirements has more recently begun to attract the attention of researchers. It seems that firms with a higher number of board members that are independent, that have accounting expertise, and that are foreigners are more likely to comply with mandatory disclosure requirements. By contrast, family-controlled firms and firms with a lower level of institutional ownership are less likely to comply with mandatory disclosure requirements.

However, there is still a long way to go in this field of research. Considering the board members' power to decide what information is to be disclosed by the firm, it is possible to say that other characteristics of the board members may explain the behaviour of companies, namely the type of

education, social/cultural/political connections, and prior experience. In addition, the effect of corporate governance on the level of compliance with disclosure requirements may be different depending on the country and on the level of enforcement to which the company is subject.

5. FINAL CONCLUSIONS AND FUTURE RESEARCH

After analysing the literature it can be concluded that despite 50 years of studies on the determinants of compliance with mandatory disclosure requirements, there are still divergent results.

In addition to the increase in the literature on mandatory disclosure, organizational theories (Agency, Signalling, Political Process, and Capital Need) have also been used to explain the link between (Samaha and Khlif, 2016 a, b) business characteristics and the level of compliance with mandatory disclosure, but the divergent results reported have prompted further studies on non-business determinants such as country characteristics, enforcement, and corporate governance.

The results of the studies that analyse the country characteristics and the enforcement

demonstrate that these factors are always important in explaining the level of compliance with disclosure requirements, regardless of the nature of the sample.

With regard to the studies on the role of corporate governance, we have seen that very recent studies have begun to emerge on the individual characteristics of the board members (Abdullah et al., 2015; Ebrahim & Fattah, 2015). The individual characteristics of the board members are expected to affect the disclosure of information and consequently compliance, because these members make the business decisions and, in turn, decisions on information disclosure.

Studying the variables that may characterize corporate governance would be a fruitful avenue for future research in order to hypothesize and provide empirical evidence that board members' characteristics have a significant role in explaining the level of compliance with disclosure requirements. However, care must be taken when selecting the characteristics of the board to be examined because their pertinence also depends on the context/location. This stream of research will be very important, especially to policymakers who are interested in achieving optimal board composition.

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