

Voluntary Disclosure in the Annual Reports of New Zealand Companies

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Abstract

New Zealand is currently experiencing a liberal and competitive economic environment which has led to a greater investment interest in corporate securities. Likewise, New Zealand firms are also developing strategies to attract investors, for example, through voluntary disclosure of information. Therefore, the level of information voluntarily disclosed by New Zealand companies is of interest to prospective investors. The purpose of this study is to examine empirically the relationship between five firm-specific characteristics and the general level of accounting information voluntarily disclosed by companies listed on New Zealand Stock Exchange (NZSE). In this study the *a priori* expectations are based on agency theory. The five firm-specific characteristics examined are: firm size, leverage, assets-in-place, type of auditor, and foreign listing status. The results obtained from cross-sectional regression show that firm size, foreign listing status and leverage are significantly related to the extent of voluntary disclosure. In contrast assets-in-place and type of auditor are not significant explanatory variables. A study of this type would be of particular relevance to accounting policy makers because, *inter alia*, it helps them in (a) understanding corporate disclosure behaviour, (b) explaining why firms adopt certain disclosure strategies, and (c) developing a coherent and acceptable set of mandatory disclosure requirements.

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