Impact of Audit Committee Characteristics on Voluntary Disclosures: Evidence from Pakistan

Rida A. Ghaffar Sheikh, Muhammad Hashim Shah

Abstract
This paper examines the effect of characteristics of audit committee on voluntary disclosure levels. This topic has been given much importance by the researchers, because independent audit plays crucial role in protecting minority shareholder’s interest. The study uses a sample of one hundred fifty companies which are listed on Pakistan Stock Exchange. Studying this sample is tremendously important because of several reasons. Regulatory bodies of Pakistan are pushing companies to implement the code of corporate governance. We have used multiple regression analysis technique to analyze the effect of characteristics of audit committee on voluntary disclosure. The scores of voluntary disclosure has been considered as dependent variable and independence of audit committee, committee member’s financial expertise, committee meetings frequency and committee size were used as independent variables. A checklist of 64 discretionary items was adapted to measure the voluntary disclosure in-lined with the existing literature. We have considered firm’s size, its profitability and leverage as control variables. The results suggest that size and independence of audit committee members have statistically significant effect on voluntary disclosure while, other independent variables do not have any significant effect. The existing literature reports different findings for these variables. Policy makers may further strengthen disclosure framework, which may be helpful in meeting the expectation of investors using the findings of this study.

Keywords: Voluntary disclosure, Audit committee independence, Shareholders’ rights size of audit committee members, Audit committee independence, Listed companies of Pakistan.

JEL Classification: M40; M41.


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Contribution of this paper to the literature
This study contributes to the existing literature by examining the effect of characteristics of audit committee on voluntary disclosure levels.

1. Introduction

The famous financial scandals of the world have urged researchers, academicians and policy makers to focus on corporate governance and voluntary disclosure. Among many others, Parmalat, WorldCom and Ahold from Italy, USA and Netherlands respectively, gained much popularity. The reliability of financial reporting became questionable after these scandals. Corporate governance and voluntary disclosure plays crucial role in protecting minority shareholder’s interest therefore, these domains got attention recently.

Voluntary disclosure increases firm value by decreasing the information gap between managers and stakeholders which enhances the confidence and trust (Akhtaruddin and Haron, 2010). Researchers are showing interest in evaluating the company’s disclosure (financial and non-financial), especially the information that is not required by the law (Akhtaruddin and Haron, 2010). The confidence of security analysts on firms enhances with the increase in voluntary disclosure by firm. Since, they have influence on general public’s investment decision therefore, increase in their trust would result in the increase of investors’ confidence (Samaha et al., 2015). Firms usually choose annual reports for disclosing information voluntarily. Audit committee is considered as an essential part of corporate governance as it force firm’s management to meet the expectation of shareholders. Madi et al. (2014) suggest that audit committee is crucial in improving internal control and disclosure practices. Audit committee helps in presenting the transparent financial reports with better disclosure which enhances shareholder’s confidence (Allegrini and Greco, 2011). Audit committee efficiently increases the information level, which a firm discloses.

We examine a sample consisting of 150 firms listed on PSX (Pakistan Stock Exchange). Studying this sample is tremendously important. There are two reasons behind selection of this sample. Firstly, it would contribute to the literature available on emerging markets or developing nations. As researchers have ignored the developing nations while studying the voluntary disclosure and characteristics of audit committee (Pucheta-Martínez and De Fuentes, 2007); (Greco, 2011); (Samaha and Abdallah, 2012). Few researchers have studied developing counties like Malaysia (Akhtaruddin and Haron, 2010); (Madi et al., 2014) and Egypt (Samaha et al., 2015). Therefore, studying this sample would contribute in understanding the level of voluntary disclosure and audit committee in emerging or developing economies. Secondly, to the best of our knowledge, this type of study has never been conducted in Pakistan. Therefore, this study is crucially important in order to understand the relationship of characteristics of audit committee and level of voluntary disclosure in developing countries like Pakistan.

Regulatory bodies of Pakistan revisited their regulations after the abovementioned scandals. These regulations aim to enhance the level of transparency and trustworthiness of firm’s financial reporting. Recently, they made strict regulations regarding audit committee independence, which may help in reducing the influence of management on the audit committees. Pakistani companies are ineffective in disclosing information voluntarily which may be useful by investors and other stakeholders (Lone et al., 2016).

We have contributed to the literature of emerging and developing markets in several ways. Firstly, we failed to find any regulation of SECP about the financial expertise of audit committee members therefore, very few financial experts have been included in audit committees. It is therefore, recommended that SECP and other regulatory bodies should restrict listed firms to include financial experts in audit committees. Secondly, our results suggest that the size of audit committee and its independence significantly and positively affect voluntary disclosure which is in-lined with the existing literature on developed economies. Thirdly, our results suggest that leverage, size and profitability affect voluntary disclosure positively which means large and profitable firms disclose superior level of information.

This paper comprises of five sections; Section 1 introduces the paper. The proceeding section briefly reviews the existing literature along with hypothesis development. We discussed the methodology in the proceeding section. Section 4 discusses the results and finally section 5 concludes the whole study with recommendations for future researchers.

2. Literature Review and Hypotheses Development

The theoretical framework has been developed using the agency theory, the capital need theory and signaling theory. Principal agent relationship is defined as an agreement in which principal, appoints an agent who perform tasks according to the interest and instructions of the principal. Agent has to make decision in order to perform tasks given by principal. Bosse and Phillips (2010) argue that agency relationship leads to problem of information asymmetry, as agent (manager) has more access to information than principal (shareholder). Voluntary disclosure may be helpful in satisfying the concerns of shareholders that management is striving to achieve their wealth maximization goals. Researchers have explained the voluntary disclosure in financial and non-financial reporting using the signaling theory (Ross, 1977). Organizations publish additional information which is not required by regulatory bodies, in order to give positive signals to their investors enhancing favorable reputation (Verrecchia, 1983). Organizations use voluntary disclosure as a signaling mean and disclose additional information to strengthen the trust of investors (Zijl et al., 2017). Chung and Rallapuri, 2008) suggest that establishment of audit committee may be helpful in improving disclosure by reducing information asymmetry.

Companies seek external finances to support their capital requirements. The capital need theory suggests that companies get finances at lower cost, which discloses information voluntarily (Choi, 1973). It has been argued that the organizations’ cost of capital includes the risk premium, which investors would require as they are not doubtful about the disclosed information. Cost of capital may be reduced by voluntary disclosure as investors and analysts may understand the organization’s true economic prospects. Therefore, literature suggests a positive relationship between cost of capital and voluntary (Persons, 2009); (Francis et al., 2008); (Healy and Palepu, 2001).
It has been made mandatory for the listed companies of Pakistan by SECP that audit committee must have at least four members consisting of three non-executive directors and one independent director. It has been suggested by the theory of resource dependency that large audit committees would be more efficient compared to the small ones. The increase in number of committee members would bring diversified skills, expertise and experiences. The confidence of stakeholders of the company may be enhanced through large audit committee consisting of members having diversified experience and expertise. It has been observed that companies having large audit committees pay lesser for debt financing (Abbott et al., 2004). Linda et al. (2011) suggest that the size of audit committee have a positive relationship with voluntary disclosure in financial sector companies in Indonesia. Persons (2009) also suggested the same relationship between both variables. Building on these studies, we developed the following hypothesis to test whether audit committee size has an impact on voluntary disclosure:

H1: Audit committee size positively affects the level of voluntary disclosure.

Literature suggests that in the meetings of audit committee members improves the effectiveness of committee. Menon and Williams (1994) suggest that inactive audit committee may not be able to evaluate the management in an effective manner. It is believed that an audit committee is considered more active, if members are meeting frequently (Stewart and Munro, 2007). Meeting at least once in a quarter has been made mandatory by SECP for committee members. Menon and Williams (1994); Raghunandan et al. (1998); Beasley et al. (2000) and suggest that the more the audit committee members meet, the better they monitor, control the company which may improve the transparency of financial and non-financial reporting of the company. Beasley et al. (2000) suggest that audit committees make mistakes in company’s financial reporting which do not meet frequently compare to audit committees which meet frequently. Building on these studies, we have developed the following hypothesis.

H2: Frequency of audit committee meetings positively affects the level of voluntary disclosure.

Literature suggests that independence of audit committee is among the key factors which makes the audit committee effective. Therefore, companies include members who are not involved in management to ensure the independence. Independent member should possess no personal as well as economic relationship with the organization in order to work independently and objectively (Goodwin and Yeo, 2001); (Bédard and Gendron, 2010). Therefore, management may have fewer chances to disclose less information which benefit them (Allegrini and Greco, 2011). Akhtaruddin and Haron (2010) suggest that independence of audit committee positively affects voluntary disclosures. Due to its importance, the corporate governance act for listed companies, Pakistan (2017) states that Chairman of the board and audit committee must be separate person and audit committee chairman must be independent director. Contrarily, Beasley et al. (2000) suggested that number of independent members and the fraudulency level of firm have a negative relationship. It has been suggested by earlier research that disclosure quality is not affected by the inclusion of independent members in an audit committee. Building on these studies, we developed a following hypothesis:

H3: Independence of audit committee positively affects voluntary disclosure.

Audit committee members have to assist board of directors so, it is vital for them to have adequate level of financial expertise so that they may be able to provide the true insight of the company’s affairs. The code of corporate governance of Pakistan does not require listed companies to hire members who have adequate level of financial expertise. Agrawal and Chadha (2003) suggested that the chances of mistakes in the financial statements would be reduced, if the internal auditor have adequate level of financial knowledge. Internal auditor having financial knowledge, may be able to identify the concealed deceptions happening in the company (Krishnan and Lee, 2009). Therefore, we developed the following hypothesis:

H4: Financial expertise of audit committee member positively affect level of voluntary disclosure.

There are numerous studies conducted on audit committee and its characteristics. This topic has a long history. Researchers examined audit committee role and its characteristics, studying different data sets of under-developed, developing and developed nations. On the contrary, researchers have started focusing on voluntary disclosure in the recent past. Still researchers focus remained on the developed countries (Pucheta-Martínez and De Fuentes, 2007); (Greco, 2011); (Samaha and Abdallah, 2012). Few researchers have studied Malaysia (Akhtaruddin and Haron, 2010); (Madi et al., 2014) and Egypt (Samaha et al., 2015). To the best of our knowledge, this study has never been conducted in Pakistan. Therefore, this study is crucially important in understanding the relationship of voluntary disclosure and characteristics of audit committee.

3. Data and Methodology

We have used dataset of 150 non-financial firms which are listed on Pakistan Stock Exchange. We have used annual reports to extract the data for the year 2017. It is believed that annual report of a firm best portrays the overall information disclosure compared to websites, newspaper etc. (Botosan, 1997); (Allegrini and Greco, 2011). We have not included financial firms in our sample, as their disclosure requirement and accounting standards are different.

We have employed multiple regression technique to analyze the impact of characteristics of audit committee and voluntary disclosure. Following is a regression equation we have used in our study:

\[ VDS = \beta_0 + \beta_1AIND + \beta_2AFE + \beta_3AMET + \beta_4ASIZ + \beta_5FSIZ + \beta_6PROF + \beta_7LEV + \epsilon \]

Where,

VDS is voluntary disclosure score.
AIND is audit committee independence.
AFE is financial expertise of audit committee members.
AMET is frequency of audit committee meeting.
ASIZ is size of the audit committee.
FSIZ is size of the firm.
PROF is profitability.
LEV is leverage.

Researchers have used two methods to estimate the voluntary disclosure level of firm. The first approach which has been used to estimate the level of voluntary disclosure is to determine the amount of deliberate disclosure by
reading annual report (Samaha et al., 2015); (Botosan, 1997); (Madi et al., 2014); (Allegrini and Greco, 2011). The second approach to estimate the voluntary disclosure level is through earnings forecast (Allegrini and Greco, 2011); (Karamanou and Vafeas, 2005). We estimated voluntary disclosure through annual report analysis. Allegrini and Greco (2011) argued that important source of information disclosure is annual report. Therefore, we have estimated the voluntary disclosure using annual reports.

A checklist of 64 discretionary items has been adapted from Akhtaruddin and Haron (2010) and used to estimate voluntary disclosure level. The list includes general information, governance, monetary information, strategy, CSR information and graphical information. We have given every item either 1 (if it is disclosed) or 0 (if it is not disclosed). We then divided the total score of each company by 64 (total items) to get the percentage, representing voluntary disclosure level.

Independence of audit committee is measured by calculating the percentage of independent members present in committee. Financial expertise represents the total committee members having educational background of finance. Frequency of audit committee meetings is the measured by the number of meetings held in a year.

Following the existing literature we have used size of firm, its profitability and leverage as control variables (Akhtaruddin and Haron, 2010); (Allegrini and Greco, 2011); (Samaha et al., 2015); (Madi et al., 2014). Large firms are believed to disclose superior level of information (Cooke, 1989a); (Hossain et al., 1995); (Wallace et al., 1994). It is believed that firms having dependency on debt publish excessive information to decrease the cost of debt and to show their ability to repay their obligations (Cooke, 1989b). Firm size is measured by taking log of total assets. We have used ROA to measure the profitability of firm. We have used debt ratio to measure the leverage of firm.

4. Results and Discussions

Table 1 presents the descriptive statistics of our data set. The minimum value of deliberate disclosure is 10% and maximum estimate is 68%. The mean of size of audit committee is 4.13, which suggests that on an average, audit committees of sample firms consist of 4 members. The average meetings held in a year is 4, which satisfies the guidelines provided by SECP.

4.1. Descriptive Statistics

Table 1. Descriptive analysis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Min</th>
<th>Max</th>
<th>Std.</th>
</tr>
</thead>
<tbody>
<tr>
<td>VDS</td>
<td>0.473</td>
<td>0.10</td>
<td>0.68</td>
<td>0.121</td>
</tr>
<tr>
<td>ASIZ</td>
<td>4.113</td>
<td>5.00</td>
<td>6.00</td>
<td>0.592</td>
</tr>
<tr>
<td>AMET</td>
<td>4.08</td>
<td>2.00</td>
<td>5.00</td>
<td>0.485</td>
</tr>
<tr>
<td>AIND</td>
<td>0.260</td>
<td>0.20</td>
<td>0.33</td>
<td>0.050</td>
</tr>
<tr>
<td>AFE</td>
<td>0.140</td>
<td>0.00</td>
<td>0.33</td>
<td>0.134</td>
</tr>
<tr>
<td>LEV</td>
<td>0.508</td>
<td>0.20</td>
<td>0.83</td>
<td>0.197</td>
</tr>
<tr>
<td>FSIZ</td>
<td>1.705</td>
<td>0.90</td>
<td>2.80</td>
<td>0.440</td>
</tr>
<tr>
<td>PROF</td>
<td>0.009</td>
<td>0.00</td>
<td>0.21</td>
<td>0.523</td>
</tr>
</tbody>
</table>

Notes: The descriptive statistics has been presented in this table. VDC, voluntary disclosure score of sample firms, ASIZ, audit committee size measured by total audit members; AMET, audit committee meetings measured by the total numbers of meetings held in a year, AIND, audit committee independence measured by the percentage of independent members, AFE, level of members’ financial expertise measured by proportion of financial experts in committee, LEV, firms’ level of leverage measured by debt ratio, FSIZ, size of firm measured by log of total assets. PROF, firm’s profitability, measured by return on assets.

The audit committee independence varies from 20% to 33% having an average of 26%. Descriptive statistics reveal that only 14% audit committee members have financial expertise.

Table 2. Cronbach’s alpha.

<table>
<thead>
<tr>
<th>No of items</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s alpha based on standardized item</td>
<td>0.812</td>
</tr>
<tr>
<td>Cronbach’s alpha</td>
<td>0.811</td>
</tr>
</tbody>
</table>

The Cronbach’s alpha was used to ascertain the internal reliability of the items used in the dependent variable. Table 2 suggest that Cronbach’s alpha is 0.811, which confirms that the dependent variable has acceptable internal consistency. The reliability of checklist used in this study has already been verified by Ferguson et al. (2002) and Kee and Pillay (2003).

4.2. Multiple Regression Analysis

The results of multiple regression has been presented in Table 3. Results suggest that the audit committee size is significant and positive with voluntary disclosure. This finding is in-lined with Madi et al. (2014); Dhaliwal et al. (2010) and Persons (2009). Increasing the number of members in the committee means inclusion of more skills and expertise to committee that would improve the efficiency of committee (Persons, 2009). SECP already implemented the requirement of inclusion of at least 4 members in a committee. Further to this restriction, committee should also consisting of at least 1 independent director and 3 non-executive directors.

Table 3 suggests a positive and significant association between independence of audit committee and the level of voluntary disclosure. This finding is in-lined with the findings of Fama and Jensen (1983); Madi et al. (2014); Akhtaruddin and Haron (2010) and Persons (2009). This has been already witnessed by earlier researchers that an audit committee with more independent members, would be able to make decisions without any influence, resulting in fair financial reporting (Persons, 2009).
We find insignificant relationship between firms' level of voluntary disclosure and frequency of meetings. Literature witnessed mixed findings regarding this relationship. Menon and Williams (1994); Collier and Gregory (1999); Méndez and García (2007); O’Sullivan et al. (2008) and Madi et al. (2014) concluded similar results. Contrarily, Beasley et al. (2000) and Vafeas (2005) suggested a significant relationship between firms’ level of voluntary disclosure and frequency of meetings. It may be insignificant in case of Pakistan as it has been made mandatory by SECP that an audit committee must be meeting at least 4 times in a year.

We failed to find significant relation between committee members' financial expertise and firms' level of voluntary disclosure. This result is in-lined with Persons (2009) and Madi et al. (2014). Contrarily, Agrawal and Chadha (2005); Krishnan and Lee (2009); Akhtaruddin and Haron (2010) suggested a positive relationship for these variables. It has already been established in the descriptive statistics section that few audit committees have the required financial experts for our sample. SECP do not provide any guideline to include financial experts in audit committee.

Therefore, listed companies of Pakistan are not paying attention to it yet.

Table 3 also suggests that profitability, leverage and size of firm has a positive relationship with voluntary disclosure. This means that larger and more profitable firms disclose superior level of information. It has been observed that firms with relatively high debt disclose excessive information to reduce the monitoring cost. These finding is in-lined with Madi et al. (2014); Camfferman and Cooke (2002); Meek et al. (1995); Hossain et al. (1995) and Cooke (1989a;1989b).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>0.013</td>
<td>0.125</td>
<td>0.016</td>
<td>0.025</td>
</tr>
<tr>
<td>ASIZ</td>
<td>0.492</td>
<td>0.504</td>
<td>0.485</td>
<td>0.501</td>
</tr>
<tr>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>AMET</td>
<td>-0.027</td>
<td>0.005</td>
<td>-0.025</td>
<td>-0.025</td>
</tr>
<tr>
<td>0.004</td>
<td>0.003</td>
<td>0.002</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>AIND</td>
<td>0.105</td>
<td>0.250</td>
<td>0.311</td>
<td>0.317</td>
</tr>
<tr>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>AFE</td>
<td>-0.085</td>
<td>-0.047</td>
<td>-0.060</td>
<td>-0.098</td>
</tr>
<tr>
<td>0.193</td>
<td>0.503</td>
<td>0.347</td>
<td>0.146</td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>0.207</td>
<td>0.303</td>
<td>0.216</td>
<td>0.004***</td>
</tr>
<tr>
<td>0.004***</td>
<td>0.170</td>
<td>0.383</td>
<td>0.574</td>
<td></td>
</tr>
<tr>
<td>FSIZ</td>
<td>0.308</td>
<td>0.383</td>
<td>0.410</td>
<td>0.000***</td>
</tr>
<tr>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>PROF</td>
<td>0.407</td>
<td>0.410</td>
<td>0.001**</td>
<td>0.001***</td>
</tr>
<tr>
<td>0.268</td>
<td>0.410</td>
<td>0.002**</td>
<td>0.314</td>
<td></td>
</tr>
<tr>
<td>LEV2</td>
<td>0.001***</td>
<td>0.210</td>
<td>0.000***</td>
<td>0.000***</td>
</tr>
<tr>
<td>PROF2</td>
<td>0.000***</td>
<td>0.314</td>
<td>0.000***</td>
<td>0.000***</td>
</tr>
</tbody>
</table>

Notes: The results for robustness analysis are presented in this table. Model 1 is the basic model whereas models 2, 3 and 4 are developed to check the robustness. *, ** and *** indicate the level of statistical significance at the 10%, 5% and 1% respectively. VDC voluntary disclosure score of sample firms, ASIZ audit committee size measured by total audit members, AMET audit committee meetings measured by the total numbers of meetings held in a year, AIND audit committee independence measured by the percentage of independent members, AFE level of members’ financial expertise measured by proportion of financial experts in committee, LEV, firms’ level of leverage measured by debt ratio, FSIZ, size of firm measured by log of total assets, PROF, firm’s profitability, measured by return on equity. FSIZ2, firm size as log of total sales. LEV2 leverage of the firms defined as ratio of debt over equity. PROF2, profitability refers to return on equity. Constant value is shown in front of every variable whereas, second row show its p-value.
It is clear from the above discussion that our hypotheses 1 and 3 are ascertained, as our results suggested a positive relationship for size of audit committee, its independence with firms’ level of voluntary disclosure. However, we failed to accept hypothesis 2 and 4 as we do not observe significant relationship between frequency of meetings, inclusion of financial experts in a committee with firm’s level of voluntary disclosure.

4.3. Robustness Analysis

To crosscheck the results, we have changed the measurement of control variables. We have replaced the liabilities to assets ratio with debt over equity, which is another proxy to measure leverage of firm. We have also replaced ROA with ROE, which measures the profitability of firm. Lastly, we have replaced log of assets to log of revenue, which measures size of firm. The results of robustness models are presented in Table 4. The actual results are generated through Model 1, which is our basic model. Model 2, 3 and 4 have been used to verify the results generated through Model 1. We have used model 2, 3, and 4 as robustness test to cross check the effects. We have changed the measurements of size, leverage and profitability in model 2, 3 and 4 respectively. Table 4 suggests that the results are consistent even after changing the measurement of several variables except for leverage in one case.

5. Conclusion

This study tried to investigate the impact of audit committee characteristics on firms’ voluntary disclosure. Literature suggests that audit committee has influence on firm’s voluntary disclosure. The sample chosen for this study was 150 companies, listed on Pakistan Stock Exchange (PSX). Annual reports were used to extract the required data and used multiple regression technique to analyze the data set. The results suggest that size of audit committee and its independence level have positive and significant effects on firm’s voluntary disclosure. We failed to find significant effects of committee members’ financial expertise and meetings frequency on voluntary disclosure of firms. The results also suggest more information disclosure is common in larger and profitable firms. We also observe that firms with larger debt tend to disclose superior level of information compare to firms with lower leverage.

Authors suggest policy makers and SECP to revisit their policies regarding audit committees of listed companies of Pakistan. It should be made mandatory by SECP to include financial experts in the audit committee for all listed companies of Pakistan which may enhance its efficiency and tend to improve reporting quality of firm. Policy makers may restrict listed companies to make audit committee according to its size. SECP has already made guidelines regarding independence of audit committee but they should keep revisiting it in order to further strengthening the independence of audit committee. Managers may establish strong and independent audit committees to enhance the confidence of investors. There are several limitations of this study. We have included 150 firms in our sample because of time constraints. This study has used only one year data, variations in voluntary disclosure over the period of time has not been identified. Future researchers may increase the size of data set. They may collect data for multiple years in order to gauge the variations arising in voluntary disclosure and the underlying factors behind these variations could be highlighted. Researchers may also include other characteristics of audit committee to their analysis like board composition, gender etc.

References


There are several limitations of this study. We have included 150 firms in our sample because of time constraints. This study has used only one year data, variations in voluntary disclosure over the period of time has not been identified. Future researchers may increase the size of data set. They may collect data for multiple years in order to gauge the variations arising in voluntary disclosure and the underlying factors behind these variations could be highlighted. Researchers may also include other characteristics of audit committee to their analysis like board composition, gender etc.


