

**The Association between Firm-Specific Characteristics and Voluntary
Disclosure of Listed Companies in Kuwait**

BY

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I declare that this thesis entitled “The association between firm-specific characteristics and voluntary disclosure of Listed Companies in Kuwait” is a result of my own research excepted as cited in the references. The thesis has not been accepted for any degree and is not cocurrently submitted as a candidate of any other degree.

I certify that any help had received in preparing this thesis and all the sources that used have been acknowledged.

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ABSTRACT

Many studies have examined the relationship between a company's characteristics and the level of disclosure in both developed and developing countries that enjoyed political and economic stability. This study aims to examine the influence of some firm characteristics which include firm size, debt ratio, profitability, ownership dispersion, audit firm size, industry sector and year - and voluntary disclosure level of Kuwait companies. For the purpose of this study, 38 companies in the real estate and investment sector - forming approximately 17.4 percent of the total firms listed in Kuwait stock exchange are chosen from Kuwait stock exchange. Data are drawn from annual reports of these companies for a period of four years 2005, 2006, 2007 and 2008. By using correlation and regression analysis, the study found that, except firm size, profitability and industry sector, all variables are related positively and with disclosure level of Kuwait companies in the real estate and investment sector.

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LIST OF ABBREVIATIONS

DL	Voluntary disclosure level
FR	Firm Size
DR	Debt Ratio
PM	Profitability
OD	Ownership Dispersion
AF	Audit Firm Size
IS	Industry Sector

CHAPTER ONE

BACKGROUND OF STUDY

1.1 Introduction

Disclosure of information in corporate annual reports has attracted a number of researchers in both developed and developing countries. The voluntary disclosure information in excess of mandatory disclosure, has been receiving an increasing amount of attention in recent accounting studies. Because of the inadequacy of compulsory information, the demand for voluntary disclosure provides investors with the necessary information to make more informed decisions (Alsaeed, 2006). Voluntary disclosure of decision-useful corporate information is considered to be the first step in solving the alleged problems of traditional financial reporting (Leadbetter, 2000). Its objectives are well defined: closing (or narrowing) the gap between a company's potential intrinsic market value and its current market value.

Voluntary disclosure, in the context of globalization of the world's financial markets, has received a great deal of attention in the accounting literature in recent years (Hossain, Berera and Rahman, 1995). This is due to the following reasons: Firstly, additional disclosures may help to attract new shareholders thereby helping to maintain a healthy demand for shares, and a share price that more fully reflects its intrinsic value. It is possible that poor disclosure could lead to an undervalued share making it attractive to a potential predator. Secondly, increased information may assist in reducing informational risk and thereby lower the cost of capital (Spero,

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