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Corporate Governance Practices: Transparency and Disclosure - Evidence from the Egyptian Exchange

Abdelmohsen M. Desoky* and Gehan A. Mousa**

This study aims to evaluate the progress of a number of aspects of corporate governance practice by listed companies on the Egyptian exchange and investigates the impact of firm characteristics, on transparency and disclosure, as main pillars of corporate governance. To achieve the study's objectives, the authors selected 12 factors to be used in the evaluation of the progress of corporate governance. In addition to factors selected, a transparency and disclosure index of 65 items was used. Items were grouped into two main categories including "general and board information" and "financial and non-financial information". The paper employs statistical analysis to examine the relationship between firm characteristics from one side and transparency and disclosure from the other. The primary analysis indicates a noticeably weak practice for most of the 12 features included in the CG feature index by Egyptian listed companies and the univariate analysis reveals that there is a significant positive association between the transparency and disclosure index from one side and three of the independent variables namely foreign listing, firm size, and audit firm from the other. Findings of the multivariate analysis are nearly consistent with those of the univariate analysis especially for results related to the independent variable of foreign listing and firm size.

Keywords - Corporate governance, Egypt, corporate governance practices, transparency and disclosure and the Egyptian Exchange (EGX).

1. Introduction

Unlike past financial crises (Asian crisis), which were confined to particular regions of the world, the current global financial crisis is quickly spreading across many regions. The later crisis is among the greatest challenges facing the world economy since the end of World War II. The current crisis, together with recent financial scandals in a number of countries, have led to a global awareness of the importance of sound corporate governance (CG) practices to alleviate the agency problems in businesses. At the core of CG lie the values transparency, fairness, accountability, and responsibility (CIPE, 2005). However, corporate transparency and disclosure (T&D) practices are a special issue of CG. They are an important component and a leading indicator of CG quality.

In the light of international interest on sound CG, Aksu and Kosedag (2006) argue that financial scandals on both sides of the world have led to a global realisation that sound

* Dr. Abdelmohsen M. Desoky, College of Business Administration, the University of Bahrain, Bahrain.
E-mail: adesoky@uob.edu.bh
** Dr. Gehan A. Mousa, College of Business Administration, the University of Bahrain, Bahrain.
E-mail: gamousa@hotmail.com

CG practices including T&D are important for long-term viability of companies as well as for efficient allocation of capital in the international financial markets. There has been an increasing emphasis on T&D of information as main pillars of CG in a global context. According to Cromme (2005), the key function of CG code is creating transparency. Ben Ali (2008) argues that the disclosure quality of French companies is a function of CG mechanisms. In the Egypt context, T&D are critical where foreign investments are necessary to sustain the growth rate and to deal with asymmetric information problems (Darwish, 2003). CG framework can be seen as a set of principles concerning the governing of companies and how these principles are communicated externally. It is a dialogue between companies and their stakeholders with the purpose of paving the way for understanding the company's strategic and operational goals, including critical success factors for achieving those goals (Parum, 2005). Moreover, companies are required to offer channels for disseminating information that should provide for equal, timely and cost efficient access to relevant information by users (OECD, 2004).

As the international trend, CG has gained prominence in the Egypt context since the 1990s when the Egyptian government achieved a number of steps towards extensive economic reform. One of these steps is the establishment of an Egyptian CG code. The final version of such a code was presented in 2005. The Egyptian CG code plays an important role to make Egyptian companies more transparent and understandable for local and international investors. It is based on a combined shareholder and stakeholder perspective and operates with four values: responsibility, equality of treatment, transparency and disclosure in line with recommendations from the Organisation for Economic Cooperation and Development (OECD).

Egypt, the focus of the current study, is one of the Middle-Eastern and African countries. It has a heritage of culture and civilization since ancient times, playing an essential role in policy-making in Arab regions and the continent of Africa. The Egyptian Exchange (EGX) was established in 1883 and 1903 in Alexandria and Cairo respectively; and reached their historic peak in the 1940s when, together, they constituted the fifth largest market in the world. After several decades of low market activity, the exchanges started growing again in the early 1990s, spurred by economic reform, privatization and changes in the regulatory environment (World Bank, 2004). These characteristics give this study a special importance, since the results could be applicable to a wide range of surrounding countries.

The current study aims to provide insights on CG practices by the most active Egyptian listed companies and to investigate empirically the relationship between firm characteristics from one side, and T&D as main components of CG from the other. It has a special importance since these attributes are critical for the functioning of a main part of the economy, the capital market. Moreover, the study extends the literature on CG by focusing on Egypt as an example of a developing country with an emerging capital market, while most prior studies, especially the empirical works, have been centred in developed countries with advanced capital markets. Moreover, the current study is justified on the following grounds: (1) it is an attempt to create a CG index to evaluate the progress of a number of aspects of CG practices by the most active companies on the EGX; (2) The empirical investigation of this study could help in providing benefits to investors, regulators and other interested parties in the capital market.

The remainder of this paper is organised as follows. The next section, section 2 provides the CG in Egypt and section 3 reviews literature and hypotheses development. Section 4 presents a description of the research method. Section 5 discusses the results of statistical analysis. Finally, conclusions are drawn in Section 6.

2. Corporate Governance in Egypt

CG has gained prominence in the Egyptian context. Since the early 1990s, Egypt started implementing an economic reform program, the Egyptian government revitalized its capital market, by improving its reputation and building confidence among investors. Consequently, various regulations and ideas of CG have been formulated, developed and enacted. Although there appears to be a tendency toward an international convergence of ideas on what represents best CG practices (Mallin, 2004), 'good governance' is an abstraction which carries diverse interpretations by different agents (Keasey et al., 2005).

Egypt aims to create a good environment to attract more foreign investment in order to ensure sustainable growth and to create new employment opportunities. This leads to a growing concern for a high profile regarding CG. Because of this concern, the World Bank (2001) has conducted the first study on CG in the Egyptian environment to assess CG practices. The study reported both positive and negative aspects. Among the positive indicators is that Egyptian regulations protect the main shareholders' equity as dividends and voting rights; and the Egyptian accounting and auditing standards are almost in conformity with their counterparts internationally. However, negative ones include lack of T&D related to the ownership structure and management. Further, the early 2000s witnessed great efforts by the Egyptian government and their agents including issuance of new rules to establish and activate CG practices in the Egyptian stock market. For example, the Capital Market Authority (CMA) requires listed companies to practice T&D as a main principle of CG. In that period, some recent improvements in CG regulations were achieved. However, the World Bank (2004) reported that Egyptian companies still need to improve their CG practice in general and T&D in particular.

As a consequence, the Egyptian CG code was issued in light of OECD guidelines and its draft was provided in 2005. The implementation and enforcement of this code is considered a critical contribution to make Egyptian companies more transparent and understandable for international investors. The final version, issued in 2006, demonstrates the principles for equitable treatment of all shareholders including the state as a shareholder, conflict of interest issues, T&D, and responsibilities of the board of directors. In the same period, the CMA created an auditors registry to support CG by improving the level of quality in the auditing profession. Additionally, recent years in Egypt have witnessed a number of major reforms, mostly incorporated in new stock exchange listing rules. The EGX listing rules contain three criteria to begin the process of differentiating and "branding" listed issuers. The new criteria include profitability, minimum share capital, and the number of shareholders. Furthermore, one of the most important changes resulting from these rules is that an audit committee becomes mandatory for listed companies (Article No. 7) and the board of directors is mandatorily required to prepare an annual report about the extent of adherence and commitment to standard practices of CG.

3. Literature Review and Hypothesis Formulation

The literature on CG has grown quite large because the CG concept is a wide term which encompasses different aspects such as the importance of CG (e.g.: Darwish, 2003; Du and Dai, 2005; Chang and Shin, 2006); the relationship between CG and financial markets (e.g.: Goncharov et al., 2006; & Abd-Elmalek, 2008); the relationship between CG and internal and external audit and audit committee (e.g.: Mohamed, 2006; Isa, 2008; and Sarens &Christopher, 2008).

A number of related studies on the evaluation of CG practice in Egypt have been accomplished since the early 2000s. The World Bank (2001 and 2004) conducted two studies about CG practice in Egypt. The first study investigated annual reports of the 30 top-listed companies in 2001 and reported several comments about the T&D of listed companies in the EGX (World Bank, 2001). Among these comments are lack of consolidation according to IFRS, lack of segment reporting, lack of disclosure of related party transactions, and inadequate risk and non-performing loan disclosures by banks. Also, it reported that there is no full compliance with the Egyptian accounting standards (EASs) (World Bank, 2001). In its second study, the World Bank (2004) reported a number of observations on CG practices, especially those related to corporate T&D. The study recognised several deficiencies of CG practices such as there is no disclosure on policies related to business ethics, the environment and other public policy commitments, governance structures and policies. In addition, the absence of an in-depth management discussion and analysis section in the annual reports of many listed companies is observed. Immediate attention should be paid to corporate governance disclosure issues, including consolidation, disclosure of ownership and related-party transactions.

In another study in Egypt regarding the CG practice of listed companies, Fawzy (2004) reported that most of the board members were from within companies, and most companies were closely held. This was a main weakness of CG in Egypt and led to the fact that disclosure is not a common practice. Moreover, in an unpublished study, Dahawy (2008) examined the level of implementation of the best practice items of CG by 30 of the most active companies in the Egyptian market in 2006. The study was based on a checklist developed by the United Nations to assess the level of corporate governance disclosure practices. Dahawy (2008) reported low rates of CG disclosure among the sampled companies when compared to the UN checklist, with an average of 22% compliance rate.

On the other hand, there have been several studies interested in the corporate disclosure (either traditional or Internet financial reporting) and the impact of firm characteristics and/or CG attributes on such a disclosure (e.g.: Forker, 1992; Hossain et al., 1994; Haniffa and Cooke, 2002; Aksu and Kosedag, 2006; Barako et al., 2006; Hassan et al., 2006; Ali and Simon, 2008; Ben Ali, 2008; Ezat and El-Masry, 2008; and Desoky, 2009). Most of these studies investigated the extent of voluntary disclosures by linking between such disclosures from one side and firm characteristics such as size, industry type, profitability, foreign listing ... etc; and/or CG attributes such as the board size, board composition, and board leadership structure from the other. A review of some of the above previous studies is presented in the next paragraphs.

In the United Kingdom (UK), Forker (1992) investigated the relationship between CG and corporate traditional disclosure for listed companies. The disclosure of share options was the focus of the study. One of the main findings was that there was a negative relationship between CG attributes (board leadership structure or role duality) and the level of disclosure. In France, Ben Ali (2008) examines the impact of a combined set of CG mechanisms on disclosure quality by 86 listed companies on the Paris stock exchange in 2004. The study showed a negative association between disclosure quality from one side and family control and ownership concentration from the other. However, a positive association was confirmed between disclosure quality and the presence of executive stock options plans, and the proportion of independent directors in the board. Aksu and Kosedag (2006) evaluated T&D as a main attribute of CG practices of the 52 largest and most liquid firms in the Istanbul stock exchange using a set of 106 T&D practices attributes, grouped into three sub-categories: disclosure of ownership structure and investor relations; financial T&D in the financial statements; and disclosure of the board and management structure. The corporate annual reports and the corporate Web sites of the 52 Turkish listed companies were investigated for the inclusion of these information attributes. They reported that size is significant in explaining the variation in T&D practices, while leverage is not. Barako et al. (2006) examined CG attributes and firm characteristics as possible explanatory variables of the voluntary disclosure decision of 54 of Kenyan listed companies from 1992 to 2001. They concluded that the extent of voluntary disclosure in the annual report is related to a company's CG attributes, ownership structure, and company characteristics. CG attributes associated with voluntary disclosure are the audit committee and board composition. Moreover, firm characteristics related to the extent of voluntary disclosure are size and leverage.

In Egypt, Hassan et al. (2006) investigated the extent and determinants of disclosure of non-financial listed companies in the Egyptian stock market and reported increases in disclosure levels, with a high compliance for mandatory disclosure, although the voluntary disclosure level was rather limited. Furthermore, they confirmed a positive relationship between profitability and the level of voluntary disclosure. In the same environment, Egypt, Ezat and El-Masry (2008) examined the effects of firm characteristics and CG attributes on the timeliness of Internet financial reporting by listed companies. They indicated that company size, liquidity, ownership structure, service activity, board composition and board size are positively associated with timeliness of corporate Internet financial reporting. Abdel-Hamid (2003) examines the impact of the listing rules issued in 2002 by the EGX on T&D by investigating 60 Egyptian listed companies from 2002 to 2004. The results report that there is no impact for these rules on corporate disclosure for these companies and also there is no reference of CG in their financial reports.

Using a 39-item Index, Desoky (2009) investigated the Internet financial reporting for 88 of the most active listed companies on the EGX. It was reported that some company characteristics (e.g.: size, profitability, foreign listing, and ownership structure) are significantly positively associated with the Internet financial reporting, while legal form is significantly negatively associated. Moreover, in Egypt, Samaha et al. (2012) assessed the extent of CG voluntary disclosure and the impact of a comprehensive set of CG attributes (board composition, board size, CEO duality, director ownership, blockholder ownership and the existence of audit committee) on the extent of CG voluntary disclosure. The findings indicate that the extent of CG disclosure is lower for companies

with duality in position and higher ownership concentration and increases with the proportion of independent directors on the board and firm size. The results of the study support theoretical arguments that companies disclose CG information in order to reduce information asymmetry and agency costs and to improve investor confidence in the reported accounting information.

The present study extends the literature by evaluating a number of aspects of CG practices in the Egyptian environment and also examines the impact of firm characteristics on T&D. Although research in different aspects of CG in Egypt noticeably increased in the last few years, none of previous research in Egypt constitutes a coherent body that is likely to give a full description of CG practices. To achieve the objective of this research, a set of research hypotheses were formulated. They will be empirically tested later in the study. In this context, six independent variables namely ownership structure, foreign listing, firm size, leverage, liquidity and the big four audit firms are employed to investigate the relationship between firm characteristics and T&D as main pillars of CG. The discussion of these variables and the related hypotheses are as follows**:**

3.1 The Ownership Structure

Literature related to firm ownership structure focused on various aspects of ownership structures including ownership concentration, family ownership, government ownership and foreign ownership. Du and Dai (2005) argue that the firm ownership structure in most countries exhibit concentrated ownership. Therefore, the conflict of interests between large shareholders and minority shareholders is a critical issue of CG (Claessens et al., 2002). According to agency theory, potential interest conflict between management and shareholders is larger in companies with a dispersed ownership structure (widely held companies) than in companies with a concentrated ownership structure (more closely held companies) because investors with small percentages of shares have less power to influence the decisions of management. Gelb (2000) provides evidence that ownership dispersion increases outsiders' information demand and firm disclosure. Thus, it is reasonable to expect that companies with a more dispersed ownership of shares will provide more information to provide their shareholders with the necessary information, and companies with a more concentrated ownership will disclose less information.

Empirical results of the relationship between ownership concentration and corporate T&D are mixed. Hossain et al. (1994) and Barako (2006) found a negative relationship between ownership concentration and corporate T&D. However, other studies showed a significant positive relationship (Haniffa and Cooke, 2002). According to the above discussion, the first hypothesis is:

H1: *The ownership structure is associated with the level of corporate T&D.*

3.2 Foreign Listing Status

Companies with a listing on foreign stock exchanges face additional disclosure requirements and are expected to provide more information in their annual reports than companies which are not subject to international reporting rules (Cooke, 1992). Because of the additional requirements, they may be willing to use the Internet as additional channels for wide dissemination of financial and nonfinancial information. The

literature, either in traditional or Internet financial reporting, shows a positive relationship between foreign listings and disclosure (Marston and Polei, 2004, Desoky, 2009). Barako et al. (2006) argued that the demand for disclosure is greater when a higher percentage of shares are held by foreigners. Further, they found a significant positive relationship between the proportion of foreign ownership and the level of voluntary disclosure by Kenyan listed companies. Conversely, Oyelere et al. (2003) found no association between disclosure and foreign listing. Similar findings were reported by Debreceny et al. (2002) who found that foreign listing is negatively associated with disclosure. Furthermore, the results of surveys by Marston and Polie (2004) suggested that there may be an effect of foreign listing on Internet financial reporting. Similar findings were reported in Egypt by Ali and Simon (2008). Therefore, based on the above arguments, the second hypothesis is:

H2*: Foreign listing status is associated with the level of corporate T&D.*

3.3 Size

In most prior disclosure studies, firm size was documented as a significant determinant of disclosure levels (Haniffa and Cooke, 2002; Barako et al., 2006; Ezat and Al-Masry, 2008; and Desoky, 2009). Several reasons are provided to explain the significant relationship between firm size and corporate disclosure. For example, Chow and Wong-Boren (1987) argued that agency costs increase with firm size. Thus large firms voluntarily disclose more information in annual reports to ease agency conflicts. Also, large companies may be more able to access financial markets if they disclosed more information. Increased disclosure by large firms is an attempt to reduce government intervention (Firth, 1979). Most results of previous studies reported positive relationship between this variable and the extent of voluntary disclosure. Although there are several proxies of company size used in prior research, including number of shareholders (Cooke, 1991), total assets (Ashbaugh et al., 1999 Barako et al., 2006 and Ali and Simon, 2008), turnover (Craven & Marston, 1999), total sales (Ali & Simon, 2008), and market capitalization (Debreceny et al., 2002 and Desoky, 2009), the disclosure literature does not provide a theory or criterion to choose among different proxies. Total assets will be used in this research as a proxy of company size. Based on the above arguments, the following hypothesis is tested:

H3: *firm size is positively associated with the level of corporate T&D.*

3.4 Leverage

Leverage refers to the use of the finance resources such as debt and borrowed funds to increase the return on equity (Ezat and Al-Masry, 2008). Agency theory suggests a strong link between leverage and disclosure (Jensen and Meckling, 1976). A company's management might provide more voluntary disclosure for monitoring purposes and help assure lenders about the company's capability to meet its obligations. Previous studies which investigate the relationship between leverage and disclosure levels have provided conflicting results. A body of research reported evidence that corporate leverage level is significantly and positively associated with the extent of voluntary disclosure (Haniffa and Cooke, 2002 and Barako et al., 2006). They argued that highly levered firms will provide a high level of information to give creditors confidence about their ability to settle their claims. In contrast, Berglof and Pajuste (2005) reported that larger firms with

lower leverage provided more information publicly. However, other studies did not establish a significant relationship between leverage and disclosure (Hossain *et al.*, 1994). Debt/asset ratio, which is used as a proxy for leverage in the current study, was also used by Barako et al. (2006). In the light of the above arguments, it is possible to hypothesize that:

H4: *Leverage is associated with the level of corporate T&D.*

3.5. Liquidity

Liquidity refers to the ability of companies to convert their assets into cash with minimum loss of value (Ezat and Al-Masry, 2008). Companies which are able to meet their short-term obligations without the need for recourse to liquidate their assets desire to make this fact known through disclosure in their financial reports and have nothing to hide from users of financial reports (Belkaoui and Kahl, 1978). Rajan and Zingales (1995) argue that creditors prefer to give loans to firms with high current cash flow. Wallace, et al., (1994) have reported a link between liquidity and the level of disclosure. Similar evidence was reported by Oyelere et al. (2003) who found that liquidity is a significant determinant of voluntary adoption of Internet financial reporting. Other studies which investigate the relationship between leverage and disclosure are inconclusive. For example, Barako et al., (2006) found no relationship between liquidity and disclosure. In contrast, Ezat and Al-Masry (2008) found a positive significant association between this variable and disclosure. The common proxy for liquidity, which is used in this research, is the current ratio (current assets/current liabilities). It was used also in other previous research (e.g. Wallace et al., 1994; Barako et al., 2006; Ezat and Al-Masry, 2008). Depending on the above debate, the fourth hypothesis is:

H5: *Liquidity is associated with the level of corporate T&D.*

3.6. The Audit Firm

According to Generally Accepted Auditing Standards (GAAS), auditors are required to report about whether management provides informative disclosure. Therefore, it is expected that the quality of audit firm may impact on the level of disclosure. The big four audit firms (the proxy for audit firm) are said to be more likely to affect companies to provide additional information because they have greater expertise and experience (Wallace et al., 1994) and desire to maintain their reputations (Ahmed and Nicholls, 1994). A number of previous studies (e.g.: Veronina et al., 2005; Ahmed and Nicholls, 1994) have documented a relationship between audit firm size and corporate disclosure. Barako et al. (2006) reported that the external audit firm variable is not of statistical significance to impact on the level of voluntary disclosure. Based on the above discussion, the following hypothesis is examined:

H6: *The type of audit firm is associated with the level of corporate T&D.*

4. Research Method

4.1 Construction of a Corporate Governance Index

As mentioned above, this study mainly aims to evaluate the progress of a number of aspects of the CG practices by listed companies in Egypt. In measuring the transparency and disclosure level, the dependent variable, either a disclosure index or content analysis can be used. Hackston and Milne (1996) found that using a disclosure index or content analysis does not affect the regression results. To achieve the main objective of the study, two indexes were developed. The first index "CG features Index" was developed to provide more description about the progress of some aspects of CG practice by listed companies in the EGX. The main sources of the features included in the index were Egyptian CG code, the EGX listing rules, the IFC (2003) and previous literature in CG. The second index "T&D Index" was developed to investigate the level of transparency and disclosure of financial and nonfinancial information by listed companies in the EGX as main pillars of CG. The main sources of the T&D index were previous studies conducted either inside or outside Egypt (e.g.: Cooke, 1992; Barako et al., 2006; Hassan et al., 2006; Ali and Simon, 2008; and Desoky, 2009).

In the current study, an unweighted disclosure index, which treats all items equally with a dichotomous procedure in which an item scores one if it is disclosed and zero otherwise, was adopted. Concerning the weighting of the items included in the index, many researchers (e.g.: Cooke, 1989; Hassan et al., 2006; Ali and Simon 2008; and Desoky 2009) are in favour of un-weighted items, implying that all items are equal in importance. However in other studies, (e.g.: Debreceny et al., 2002) used both un-weighted and weighted disclosure indexes and found the results to be consistent suggesting that it does not matter which method is used. On the understanding that the information provided is going to be employed by various types of users, each for different purposes, it was decided that an un-weighted index would be more appropriate. Concerning the number of items included in the index in the current study, the first index "CG features Index" includes 12 features related to the evaluation of CG practice while the second index "T&D Index" includes 65 T&D items.

4.2 Dependent and Independent Variables

The dependent variable is the extent of T&D made by the most active listed companies on the EGX. A T&D index, which involves the researchers identifying whether a company does or does not disclose an item in the list, has been developed to evaluate the extent of T&D of the sample companies. The T&D index, the dependent variable was developed in a manner that covers two main groups of items. The first group "General and board information" includes 14 items covering general information about the company such as the company's objectives, listing age, board of directors, and ownership and organisational structure. The second group "Financial and non financial information" includes 51 items presented by companies on their annual reports or other channels that listed companies use for the dissemination of financial and nonfinancial information. To fit the recent Egyptian environment, some items of prior research were modified, added to, or excluded from the current study.

All possible efforts were carried out to improve the reliability of the index. For instance, a careful review of previous studies was undertaken to develop items included in the

index. The dependent variable, the total score (TOTALS), was computed according to information items found in a particular company's annual reports or any other channels used by the company for disseminating information such as the company's web site with a maximum value of 65 points (100%) and a minimum value of 0 point (0%) for each company. Table 4 includes the 65 items used in the current study. When calculating the index score for a specific company, it was argued that there would be a problem because certain items of disclosure may not be applicable to a specific company (Marston and Shrives, 1991). However the annual reports and website of each company included in the current research was read and visited before the survey to make sure that all items are relevant to the company to avoid such a problem. The total un-weighted index for each company is calculated as the total scores awarded to a particular company divided by the maximum number of applicable items. Regarding independent variables and their related proxies, Table 1 below summarises the six independent variables and their related proxies.

Table 1: Independent Variables and Their Related Proxies:

Variable	Related proxy
1- Ownership structure (OWNSTR)	% of free float
2- Foreign listing (FORLIS)	Firm listed in a foreign stock exchange
3- Firm size (FSIZE)	Firm total assets*
4- Leverage (FLEVER)	Total liabilities/total assets
5- Liquidity (FLIQUI)	Current assets/current liabilities
6- Audit firm (AUDITF)	Is the audit firm one of the big four?

* Total assets from companies' balance sheets of the year ended in Dec. 31, 2010.

4.3 The Sample

The empirical study of the current research depends on a sample which contains 100 publicly traded companies included in the EGX 100, which includes all companies on both the EGX 30 and the EGX 70, at the mid of 2010. Among these 100 companies, there was one commercial bank, which was excluded from the sample because of different regulations imposed by the Central Bank of Egypt, and replaced by another company which was selected randomly from the companies excluded from the previous construction of Index. It should be noted that all EGX Indexes construction is reviewed semi-annually by the EGX management. The selected companies are included also in "EGX Sectors Index" (see the Appendix). Companies' annual reports (the financial period 2010) were the main source used to obtain the information required for the empirical study. Furthermore, the web page of each company was visited to obtain other needed information especially those related to the corporate governance practice "CG features Index".

4.4 Data Analysis

Besides the descriptive statistics which mainly depend on the percentage, the mean, and the standard deviation, a statistical analysis (univariate and multivariate analysis) was carried out using the Statistical Package for Social Sciences (SPSS). Pearson correlation, the univariate analysis, which can be used to explore the strength of the relationship between two continuous variables (Pallant, 2007), was performed for the independent (TOTALS) and dependent variables (OWNSTR, FORLIS, FSIZE, FLEVER, FLIQUI and AUDITF). In addition to the univariate analysis, a multivariate linear regression analysis with 'enter' method was performed for the continuous dependent

variable (TOTALS) and six independent variables to verify the results of the univariate tests. The regression equation used is as follows:

$$Y = \beta_0 + \beta_1 OWNSTR + \beta_2 FORLIS + \beta_3 FSIZE + \beta_4 FLEVER + \beta_5 FLIQUI + \beta_6 AUDITF + \varepsilon$$

where Y = the total T&D index (TOTALS); β_0 is a constant; $\beta_{i,\ i=1,\ \ldots,\ 6}$ is parameters; and ε is error term. By utilizing the "enter" method (a standard regression), the model involves all of the six independent variables being entered into the equation at once. Furthermore probability of $F \leq 0.01$ is included in the model. To test for multicollinearity between two or more independent variables, regression diagnostics were applied.

5. Results

This section of the study is devoted to presentation and discussion of the data needed for testing research hypotheses. The section is divided into three sub-sections namely "descriptive statistics", "univariate analysis" and "multivariate analysis".

5.1 Descriptive Statistics

Descriptive statistics for the dependent and all independent variables are given in Table 2 below. It shows that across the 100 companies included in the sample, the mean score for the T&D index (TOTALS) is 58.80% with a standard deviation of 18.347% while the highest total score achieved is 96.9% (a total of 63 of 65 items) and the lowest score is only 24.6% (a total of 16 of 65 items). These results indicate that there is a high variation in the T&D practice of the sampled companies and may suggest that the T&D practice by listed companies in the EGX is fairly moderate in Egypt (a mean score of less than 60%) as compared to other countries especially those with advanced capital markets. Concerning independent variables, Table 2 shows also that the minimum free float of the sampled companies was 15.5%, while 95% was the maximum free float. It should be noted that according to articles No. 9 and No. 10 of the listing rules in the EGX, 30% and 10% of free float is the percentage required as a minimum for companies to be listed in schedule No. 1 of the formal and informal schedules of the EGX respectively. Regarding the firm size (FSIZE), it can be seen that LE 3.880 million was the minimum and LE 94,951 million was the maximum total assets. Also, the average leverage (FLEVER) for the total sample was 39.34% of the 100 companies, and the average liquidity (FLIQUI) was 14.13 times. Additionally, the Table shows that only 10 companies (10%) are listed at least in one foreign stock exchange and 56 companies (56%) utilised the services of the big international audit firms or their local partners.

Table 2 Descriptive Statistics of the Dependent and Independent Variables:

Variables	Minimum	Maximum	Mean	Std. D.
- TOTALS[1] %	24.6	96.9	68.80	18.347
- OWNSTR %	15.5	95	43.1	23.628
- FSIZE[2]	3,880	94,951,996	83,426,617	1.864E4
- FLEVER[2] %	7.70	88.25	39.34	22.26
- FLIQUI[2] (Times)	0.17	505.22	14.13	56.13
Categorical variables:	**Yes**	**No**		
- FORLIS[3]	10	90		
- AUDITF[4]	56	44		

1- TOTALS = total score for all 65 items included in the index.
2- FSIZE which is the total assets in LE millions, FLEVER and FLIQUI were computed from annual reports of 2010.
3- FORLIS (Yes) if company listed in a foreign exchange and (No) if not.
4- AUDITF (Yes) if the company reports are audited by one of the big four audit firms and (No) if not.

Descriptive statistics related to the first "CG features Index" and second "T&D Index" indexes which provide more description about the progress of some aspects of CG practices by listed companies in Egypt are given in Tables 3 and 4 below. Table 3 provides the descriptive information of CG features index which includes 12 items. As mentioned above, items included in the "CG features index" were chosen from the Egyptian CG code, the EGX listing rules, IFC (2003) and previous literature on CG. Furthermore, information needed for the "CG features index" was gathered mainly from the company annual reports and other sources such as the company web site were also used. As a major note about the table, all sampled companies (100%) have appointed a person to be responsible for relations with the shareholders and the stock exchange (feature 3). This result indicates a high compliance with article No. 15 of the listing rules in the EGX which requires all listed companies to appoint such a person.

Regarding features 1 and 2, only 23 companies (23%) of the sampled companies have a written code of CG and only 16 companies have a designated officer responsible for ensuring compliance with the CG code of the Company. It should be noted that the Capital Market Authority (CMA), in 2007, required listed companies to periodically provide shareholders with information on their CG code and practices and the extent to which such practices conform to voluntary codes of best practice.

Practice related to other CG feature was also weak. For example, only 31 companies with a board which is composed of a majority of non-executive directors (feature 6). However, according to Egyptian CG code, the board should comprise a majority of non-executive directors with the technical or analytical skills to benefit the board and the company. All of the non-executive directors should devote reasonable time and attention to accomplish their responsibilities to the company and not to accept assignments that could be seen to be a conflict of interest. The above recommendations have been suggested also by most international CG codes (OECD, 2004; IFC, 2003). In another emerging market, Kenya, Barako et al. (2006) reported that most sampled companies had a majority of non-executive directors on the board.

Furthermore, only 15 companies (15%) have a governance committee (feature 5); and 33 companies (33%) where the chairman and the chief executive officer are not the same person (feature 7). Nevertheless, the Egyptian CG code suggested that preferably one person should not hold both positions. If deemed necessary, reasons should be stated in the annual report. In this case the deputy chairman should be a non-executive. Barako et al. (2006) reported that most (75 per cent) sampled companies voluntarily adopted this feature.

Results related to other feature (features 8 to 12) show that from only 44 (44%) to 41 (41%) of the sampled companies practiced these two features. For instance, although the Egyptian CG code encourages companies to establish a number of subcommittees to improve the performance of the company (feature 8), only 44 companies have such subcommittees. According to the Egyptian CG code, the board may form committees to undertake certain tasks for specified periods. Such committees are considered complementary to the board and not a means to discharge the board from its responsibilities. Besides, non-executive members should preferably be included in the suggested committees. Such committees are chaired generally by non-executive members, while audit committee, especially, comprises a not less than three non-executive members and one member should be a financial and accounting expert. Two main reasons may be behind the noticeably weak practice by Egyptian listed companies of the above features. The first, the Egyptian code of CG which includes most of the above features is not mandatorily required to be practiced by listed companies in Egypt; the second, CG in Egypt on its first stage of application and most of the above features are suggested for an advanced stage of the CG practice. In this respect, IFC (2003) suggests four levels of CG progression matrix for listed companies. In level 3 (major contribution to improving CG nationally), the Company should meet all applicable recommendations of the voluntary code of best practices of the country and the board has a governance Committee.

Table 3: Corporate Governance Features of the Sampled Companies:

Features	No. (%) of Companies practiced the feature
1. The Company has a written code of CG.	23
2. The Company has a designated officer responsible for ensuring compliance with the CG code of the Company.	16
3. The company has appointed a person to be responsible for relations with the shareholders and the stock exchange.	100
4. The Company has a Web site that includes an investor relation section.	53
5. The Company has a governance committee.	15
6. The board is composed of a majority of non-executive directors.	31
7. The chairman and the chief executive officer are not the same person.	33
8. There are a number of sub committees (as remuneration, nomination, and risk management).	44
9. The Chairmen of sub committees is from non-executive members.	32
10. The majority of sub committees from non-executive members.	30
11. The audit committee has at least three non-executive members.	29
12. One member of the audit committee is a financial and accounting expert.	41

Furthermore, periodic reviews of a CG code are an extra step to ensure good CG. This is suggested by IFC (2003) and moreover, the Egyptian CMA in 2007 requires listed companies periodically to disclose to shareholders their CG code and practices and the extent to which such practices conform to voluntary codes of best practice.

In addition, of the 100 sampled companies, 53 (53%) have a web site that includes an investor relation section (feature 4). According to Egyptian CG code, relationships with stakeholders should be based on credibility, mutual interest, transparency and disclosure of policies. Therefore, the code encourages listed companies to disclose more information via different channels such as web sites. Moreover, IFC (2003) recognises that all disclosures and communications with shareholders should be made

available on the Internet in a timely fashion as one character of the high level of CG practices.

Table 4 below provides results related to the T&D index. The frequency of each item included in the index is presented. In general, there are few items (no. 1, 3, 6 and 12) in the first group, general and board information, were highly disclosed by at least 75 companies (75%) of the sampled companies. For instance, 75 companies satisfied item 6 "the company have different channels for disseminating information" as web sites were found for 75 of the sampled companies. In other previous studies related to the Internet financial reporting area conducted in the same environment, Egypt, Desoky (2009) reported that among the 88 companies included in the study, accessible web sites were found for 57 companies (64.7%) and 45 (51.14%) provide financial information on their web sites.

Furthermore, both studies of Ali & Simon (2008) and Ezat & El-Masry (2008) reported almost similar results. 62% and 67.5% of the sampled companies had web sites with 43.5% and 51.1% disclosing financial information on the web site (Ali & Simon, 2008 and Ezat & Al-Masry, 2008) respectively. However, Juhmani (2008) in another emerging market, Bahrain, revealed that a larger percentage of 82% of Bahraini listed companies had web sites.

Item 3, "information on the listing age of the company", which is one of the listing requirements, was provided also by 78 companies (78%), while item 1 "corporate mission/vision or objectives." was provided by 82 companies (82%). Most companies are using their web sites to widely disclose the above item. In contrast to the above results, there are a few items (No. 4, 7, 9, 10, 13 and 14) were provided by only between 29 and 43 companies of the sampled companies. However, some of these items are required by the Egyptian CG code. Although, item 7 "information on members of board of directors (CV)" is required by both the EGX listing rules and the Egyptian CG code, only 43 companies provided the item in their web sites, while most of other sampled companies provide only names of the board members. The Egyptian CG code (Article 3/13) requires companies to disclose information on compensation for members of the board of directors, item 10, however only 37 companies provide such information. "Information on audit committee", item 12, was provided by 77 companies, however, the Egyptian CG code (many articles) and the EGX listing rules require companies to provide such information.

Concerning the second group, financial and non financial information, many items (No. 15-20, 23, 24, 26, 40-43, 45-48, 49, 54, and 57-59) were disclosed by at least 81 companies of the sampled companies. For example, all sampled companies (100%) disclosed items 15, 17, 19, 23, 24 and 26 which related to the current year financial statements, interim reports, and audit report, while 97 companies (97%) disclosed items 16, 18, and 20 which related to financial statements of previous years. The above results were expected in the light of that the Capital Market Law No. 95 of 1992 and EGX listing rules which require all listed companies to publish their annual and interim (semi-annual) reports in at least two widely published daily newspapers. The above results show a high compliance with the Egyptian Accounting Standards (especially EAS No. 1) which also require companies to provide comparative financial statements including the balance sheet, the income statement, the statement of cash flows, the statement of changes in owners' equity, and the note to the accounts.

Table 4: Transparency and Disclosure Index

Items	No. (%) of Companies disclosing the item
First group: General and board information	
1. Corporate mission /vision or objectives.	82
2. The acts which govern the company	47
3. Information on the listing age of the company	78
4. The organisational structure of the company	41
5. The ownership structure	53
6. The company has different channels for disseminating information.	75
7. Information on members of board of directors (CV)	43
8. Board composition	64
9. Information on the board meetings	28
10. Information on compensation for members of board of directors	37
11. The board forms a number of sub committees (remuneration, nomination, and risk management)	38
12. Information on audit committee	77
13. Information on external Auditor	36
14. Information on voting rights and results	29
Second: Financial and non financial information	
15. Current year balance sheet	100
16. Previous balance sheets	96
17. Current income statement	100
18. Previous income statements	96
19. Current cash flow statement	100
20. Previous cash flow statements	96
21. Current statement of changes in stockholder equity	81
22. Previous statements of changes in stockholder equity	51
23. Notes to the financial statements	100
24. Interim financial statements	100
25. The chairman's statement	89
26. The audit report	100
27. Information on auditor's responsibility and audit evidence	83
28. Information on subsequent events and accounting polices related to them	42
29. Financial indicators (as ratios of profitability, liquidity, turnover rate)	42
30. Information on analysts of forecasts	40
31. Information on sales forecasts	43
32. Information on production forecasts	50
33. Information on earnings per share	66
34. Current and movement of share prices	59
35. The number and types of shares	80
36. Information on shares authorised, issued and outstanding	74
37. Information on issuance new securities	52
38. Number and the cost of treasury stock	49
39. Information on provisions and their percentages	72
40. Information on retained earnings	81
41. Information on dividends	89
42. Accounting policies for taxes	91
43. Related party transactions	91
44. Release information on extraordinary events	71
45. Details on plant assets	89
46. Information on pledge or restrictions on the assets	93
47. Information on plant assets depreciation methods	97
48. Information on inventory pricing methods	93
49. Information on intangible assets and accounting policies related to them	87
50. Information on research and development costs	15
51. Information on monthly and/or yearly sales	46
52. Information on the company's productivity	49
53. Information on contingent liabilities	80
54. Detailed information on long term and short term liabilities	88
55. Information on transfer pricing	84
56. Information on foreign currency translations	83
57. Information on investments in other companies	84
58. Accounting policies related to leases	86
59. Accounting policies related to long term contracts	89
60. The risks that will influence the company's economic and financial performance	60
61. Environmental and social disclosures	51
62. Safety and health policies to employees	52
63. Company's strategies for employee recruitment and training	51
64. Calendar for future events or press release	54
65. Business ethics/code (values)	50

Similar to the above results, other items (No. 40-43) were provided by at least 81 companies (81%). For instance, items 41 "information on dividends" and 42 "accounting policies for tax" were provided by 89 and 91 companies of the sampled companies

respectively. Other items such as item 45 "details on plant assets", item 46 "information on pledge or restrictions on the assets", and item 47 "information on plant assets depreciation methods" which are related to plant assets were highly disclosed (89, 93 and 97 companies respectively. Further, nearly the same number of companies disclosed item 48 "information on inventory pricing methods". In general, the above results refer to a high compliance with the EASs in light of the fact that most of these items are required by EASs. Contrary to the above results, other items (No. 28-32, 50, 51, and 61-65) were disclosed by only about 50% of the sampled companies. For instance, items 50 "information on research and development costs" was provided by only 15 companies (15%). Reasons behind this low disclosure may be that only a few companies practice such activity.

5.2 Univariate Analysis

This section of the results, the univariate analysis, will present information about the relationship between firm characteristics (independent variables) and the transparency and disclosure of the sampled companies as main pillars of CG (the dependent variable). Information provided in this section will assist in testing the six research hypotheses formulated earlier in the study. Table 5 shows a number of significant associations among the dependent and some independent variables. These suggest the potential for at least some of the hypotheses to be supported. For instance, Table 5 reveals that there is a significant positive association between the dependent variable or the T&D index (TOTALS) from one side and three of the independent variables namely FORLIS, FSIZE, and AUDITF from the other. However, there is no significant association for the other independent variable.

Whereas the results verify some significant association among the independent variables (e.g. FORLIS vs AUDITF AND FSIZE vs. FORLIS), this association, which are 0.388 and 0.374 respectively and does not exceed 0.7, do not indicate a serious multicollinearity problem in the current study. It was indicated that we must “think carefully before including two variables with a bivariate correlation of, say, 0.7 or more in the same analysis” (Tabachnick and Fidell, 1996, p.86). Therefore, inter-correlation among independent variables does not appear to be problematic, and multicollinearity should not be a serious concern in this study.

Table 5 shows that, as predicted, there is a significant nearly strong association (0.588) between foreign listing (FORLIS) and the extent of T&D (TOTALS) as a dependent variable. These results are highly significant (p<0.01). The above finding supports the idea that companies with a listing on one or more foreign stock exchanges face additional disclosure requirements and are expected to provide more information in their annual reports. This result is in line with results of other related studies on the traditional disclosure (Barako, et al. 2006), and those on Internet financial reporting (Ali and Simon, 2008; and Desoky, 2009). For instance, Barako et al. (2006) found a significant positive relationship between foreign ownership and the level of voluntary disclosure by Kenyan listed companies. On the other hand, the result is inconsistent with other studies such as Oyelere et al. (2003) who reported no association between disclosure and foreign listing; and Debreceny et al. (2002) who found that foreign listing is negatively associated with disclosure. The above finding provides strong support for the research hypothesis H2 "Foreign listing status is associated with the level of corporate T&D".

In the same way, Table 5 revealed that there is a significant moderate positive association between the extent of T&D (TOTALS) on the one hand and firm size (FSIZE) measured by total assets on the other. This result, which is also highly significant ($p < 0.01$), is in line with the findings of previous research. For instance, previous studies on traditional disclosure (Haniffa and Cooke, 2002; and Barako et al., 2006) reported that firm size is a significant determinant of disclosure levels. Similar findings were reported by other previous studies on Internet financial reporting (Desoky, 2009; Ezat and Al-Masry, 2008). The above finding supports the argument that large firms voluntarily disclose more information in annual reports to ease agency conflicts. Therefore, H3, which states that firm size is positively associated with the level of corporate T&D, is accepted.

Other independent variable (FLEVER) is not significantly associated with the dependent variables (TATALS). The above findings correspond to results of other related studies on the traditional disclosure (Hossain et al., 1994) who did not establish a significant relationship between leverage and disclosure. Conversely, the findings are not in line with other previous studies such as (Haniffa and Cooke, 2002 and Barako et al., 2006) who argued that highly levered firms will disclose a high level of information to confidence creditors about their ability to settle their claims. The above results confirm the argument that a company's management might provide more disclosure for monitoring purposes and help assure lenders about the company's capability to meet its obligations. In the light of the above, H4, which states that Leverage is associated with the level of corporate T&D, is accepted.

Concerning the audit firm (AUDITF), it is significantly moderately associated with the dependent variables (TATALS). This result is consistent with a number of previous studies (Veronina et al., 2005; Ahmed and Nicholls, 1994) who have documented a relationship between audit firm size and corporate disclosure. This finding supports the argument that the big four audit firms are said to be more likely to affect companies to provide additional information because they have greater expertise and experience. Hence, H6, which states that the type of audit firm is associated with the level of corporate T&D, is accepted.

In contrast to the above results, a very weak association was found between the dependent variable (TOTALS) and both FLIQUI (positive association of 0.044) and OWNSTR (negative association of -0.018). This result is inconsistent with results of previous studies such as Gelb (2000) who reported an association between the firm ownership structure and firm disclosure. However, this finding is in line with other results reported by Hossain et al. (1994) and Barako (2006) who found negative weak association between ownership concentration and corporate T&D. Accordingly, the related hypothesis, H1, is rejected and the alternative hypothesis is accepted. Also, the above finding is consistent with what has been reported earlier by Barako et al., (2006) who found no relationship between liquidity and disclosure. It is not in line with what has been reported by Wallace, et al. (1994) and Ezat and Al-Masry (2008) who found a positive significant association between this variable and disclosure. Accordingly, the fourth hypothesis, H4, which states that Liquidity is associated with the level of corporate T&D, can be rejected.

Table 5 Correlation Coefficients:

	OWNSTR	FORLIS	FSIZE	FLEVER	FLIQUI	AUDITF	TOTALS
1. OWNSTR	1						
2. FORLIS	.014	1					
3. FSIZE	-.166	.374[b]	1				
4. FLEVER	-.252[a]	.223[a]	.362[b]	1			
5. FLIQUI	-.084	-.054	.091	-.195	1		
6. AUDITF	-.321[b]	.388[b]	.233[a]	.312[b]	.130	1	
7. TOTALS	-.018	.588[b]	.364[b]	.111	.044	.264[b]	1

a- Correlation is significant at the 0.05 level (1 – tailed); b- Correlation is significant at the 0.01 level (1 – tailed).
Notes:
1- Dependent variable is defined in section (V), while independent variables are defined in Table 1.
2- Pearson correlation was performed for all variables. 3- All coefficients are based on 100 observations.

5.3 The Multivariate Analysis

This section of the results, the multivariate analysis, is devoted to provide information about the regression model. Table 6 shows the results of the regression analysis which was run using the "enter" method. The results show the explanatory power of the model as measured by the R^2 and adjusted R^2. The later, the adjusted R^2, provides a better estimation of the true population value, especially with a small sample (Tabachnick and Fidell, 1996). The value of the adjusted R^2 in the current study is 0.328.

Table 6: Regression Model:

	Coefficient	T statistic
(Constant)		12.450*
OWNSTR	-.013	-.140
FORLIS	.498	4.917*
FSIZE	.291	1.956*
FLEVER	-.073	-.744
FLIQUI	.022	.245
AUDITF	.054	.527

***R^2* = 0.361; *Adjusted R^2* = 0.328; *F-value* = 8.382;**
***P value* = 0.000; *No. of Obs.* = 100.**
*Significant at less than 1% confidence level.

The accounting literature, either on the traditional disclosure or on Internet financial reporting, reported varied results for the adjusted R^2. For example, 0.583 (Haniffa and Cooke, 2002); 0.534 (Barako et al., 2006); 0.883 and 0.998 (Hassan et al., 2006); 0.550 (Ezat and Al-Masry, 2008); 0.653 & 0.614 (Ali and Simon, 2008); and 0.446, 0.441, and 0.443 (Desoky, 2009). Significant results are found in the current model for foreign listing (FORLIS) and firm size (FSIZE). Generally speaking, findings of the multivariate analysis are consistent with those of the univariate analysis especially for results related to the independent variable of foreign listing (FORLIS) and firm SIZE (FSIZE). Accordingly, it is possible to conclude that the regression analysis partially provide support for the results obtained in the univariate analysis.

6. Conclusion, Limitations and Future Research

The main aim of this study was to evaluate the progress of some aspects of corporate governance by listed companies in the Egyptian exchange and to investigate the impact of firm characteristics on T&D as main pillars of corporate governance. Over the last years, there has been an increasing interest in research on CG. The current study extends prior research done in the area of CG. The study has a number of

contributions and is expected to be of interest to regulators, researchers, and market participants. It provides an assessment of CG practices of Egyptian listed companies.

Information needed for the "CG features index" was gathered from two main sources namely the company annual reports (the main source) and the company web site. Descriptive statistics information related CG features index which includes 12 items chosen from the Egyptian CG code, the EGX listing rules and previous literature on CG shows that all sampled companies (100%) have appointed a person to be responsible for relations with the shareholders and the stock exchange; 23 companies or 23% have a written code of corporate governance, only 16 companies have a designated officer responsible for ensuring compliance with the corporate governance code of the company; 31 companies with a board which is composed of a majority of non-executive directors and with a chairman and the chief executive officer are not the same person; only 15 companies have a governance committee; and 53 have a web site that includes an investor relations section. In general, the result indicates a noticeably weak practice by Egyptian listed companies for most of the 12 features included in the CG feature index. Two reasons may be behind this weak practice. First, the Egyptian code of CG which includes most of the above features is not mandatorily required to be applied by listed companies in Egypt; Second, CG in Egypt in its first stage of application and most features used in this study are suggested for an advanced stage of the CG practice. Consequently, it is highly recommended that the Egyptian CG code be mandatorily applied by all listed companies in the EGX.

The univariate analysis reveals that there is a significant positive association between the dependent variable or the T&D index (TOTALS) from one side and four of the independent variables namely FORLIS, FSIZE, and AUDITF from the other. **F**indings of the multivariate analysis are consistent with those of the univariate analysis especially for results related to the independent variable of foreign listing (FORLIS) and firm size (FSIZE). Therefore, it is possible to conclude that the regression analysis partially provide support for the results obtained in the univariate analysis.

There are several limitations of the study. First, the scope of this study is limited to a relatively small sample of 100 companies. This sample may be small in size and, by construction, composed of the most active Egyptian listed companies and thus may not be representative of the population of Egyptian firms, consequently, caution should be considered in evaluating the results. Thus, it might have been better to look at companies from a wider range. Second, the study concentrates only on a subset of CG attributes (disclosure and transparency) in the traditional financial reporting and websites. Third, the study examines the impact of some firm characteristics such as size, leverage, liquidity, the ownership structure and ignores others such as, profitability and issuance of new shares. Fourth, the index of the CG practices is measured depending on the un-weighted checklist to avoid a subjective view and included only 65 items. Fifth, the findings of such research may not be generalized to different countries at different stages of development, or with different business environments and cultures. A comparative study for different countries with emerging capital markets might also be fruitful. Therefore, it would be interesting to duplicate this study in other Arab countries which have many similarities to the Egyptian environment. Last, the explanatory power (adjusted R^2) in the regression model is 0.328 which indicates that the multiple regression models which contained six variables, explains about 32.8% of the variation in the extent of T&D.

Future researches may need to extend the sample. The study addresses only some attributes of CG including transparency and disclosure. Therefore, other attributes need to be considered in other future research. Finally, the study investigates the impact of six firm characteristics only on transparency and disclosure. Future research is needed to include other firm characteristics. Future empirical research should enlarge its scope to include other aspects of CG needed to improve CG practices in Egypt.

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Appendix

Companies included in the sample

NO	REUTERS CODE	COMPANY NAME	NO	REUTERS CODE	COMPANY NAME
1.	ICID.CA	International Co For Investment & Dev.	51.	GGCC.CA	Giza General Contracting
2.	RTVC.CA	Remco for Touristic Villages Construction	52.	NCCW.CA	Nasr Company for Civil Works
3.	EGTS.CA	Egyptian for Tourism Resorts	53.	EPCO.CA	Egypt for Poultry
4.	ADPC.CA	The Arab Dairy Products Co.	54.	APSW.CA	Arab Polvara Spinning & Weaving CO.
5.	ORTE.CA	Orascom Telecom Holding (OT)	55.	EPPK.CA	El Ahram Co. For Printing And Packing
6.	MPRC.CA	Egyptian Media Production City	56.	ASCM.CA	Asek Company for Mining – Ascom
7.	CIRF.CA	Cairo Development and Investment	57.	NDRP.CA	Namaa for Dev. and Real Estate Investment
8.	ENGC.CA	Engineering Industries (ICON)	58.	SKPC.CA	Sidi Kerir Petrochemicals
9.	RAKT.CA	Rakta Paper Manufacturing	59.	GMCI.CA	GMC Group for Industrial Comm. & Fin. Inv.
10.	CSAG.CA	Canal Shipping Agencies	60.	NCMP.CA	National company for maize products
11.	MOIL.CA	Maridive & oil services	61.	SWDY.CA	Elswedy Cables
12.	UASG.CA	United Arab Shipping	62.	NAHO.CA	Naeem Holding
13.	ETEL.CA	Telecom Egypt	63.	ELNA.CA	El Nasr For Manufacturing Agricultural Crops
14.	EMOB.CA	Egyptian Co. for Mobile Services	64.	AUTO.CA	GB Auto
15.	AITG.CA	Assiut Islamic Trading	65.	TMGH.CA	T M G Holding
16.	HELI.CA	Heliopolis Housing	66.	PRMH.CA	Prime Holding
17.	SMFR.CA	Samad Misr –EGYFERT	67.	MILS.CA	North Cairo Mills
18.	ACRO.CA	Acrow Misr	68.	ESGI.CA	Egyptian Starch & Glucose
19.	EGAL.CA	Egypt Aluminum	69.	CEFM.CA	Middle Egypt Flour Mills
20.	POUL.CA	Cairo Poultry	70.	NCGC.CA	Nile Cotton Ginning
21.	UEGC.CA	Upper Egypt Contracting	71.	KABO.CA	El Nasr Clothes & Textiles (Kabo)
22.	EDBM.CA	Egyptian for Developing Building Materials	72.	RAKT.CA	Rakta Paper Manufacturing
23.	ABRD.CA	Egyptians Abroad for Invest. & Develp.	73.	UNIP.CA	Universal For Paper and Packaging Material
24.	IRON.CA	Egyptian Iron & Steel	74.	ZEOT.CA	Extracted Oils
25.	TRTO.CA	Trans. Oceans Tours	75.	MOSC.CA	Misr Oils & Soap
26.	NASR.CA	El Nasr Transformers (El Maco)	76.	EFIC.CA	Egyptian Financial & Industrial
27.	ETRS.CA	Egyptian Transport (EGYTRANS)	77.	PRCL.CA	Ceramic & Porcelain
28.	OSTD.CA	B-Tech	78.	ECAP.CA	El Ezz Porcelain (Gemma)
29.	ACGC.CA	Arab Cotton Ginning	79.	LCSW.CA	Lecico Egypt
30.	MICH.CA	Misr Chemical Industries	80.	ESRS.CA	Ezz Steel
31.	CPCI.CA	Cairo Pharmaceuticals	81.	SVCE.CA	South Valley Cement
32.	RUBX.CA	Rubex Plastics	82.	AJWA.CA	AJWA for Food Industries company Egypt
33.	CERA.CA	Arab Ceramics (Aracemco)	83.	SNFC.CA	Sharkia National Food
34.	SCEM.CA	Sinai Cement	84.	AFDI.CA	El Ahli Investment and Development
35.	SUGR.CA	Delta Sugar	85.	HRHO.CA	Egyptian Fin. Group-Hermes Holding Co.
36.	AFMC.CA	Alexandria Flour Mills	86.	ELSH.CA	El Shams Housing & Urbanization
37.	SCFM.CA	South Cairo & Giza Mills & Bakeries	87.	ELKA.CA	El Kahera Housing
38.	SPIN.CA	Alexandria Spinning & Weaving	88.	UNIT.CA	United Housing & Development
39.	EKHO.CA	Egyptian Kuwaiti Holding	89.	AREH.CA	Egyptian Real Estate Group
40.	DAPH.CA	Development & Engineering Consultants	90.	MENA.CA	Mena Touristic & Real Estate Investment
41.	GIHD.CA	Gharbia Islamic Housing Development	91.	NRPD.CA	National Real Estate Bank for Development
42.	OCDI.CA	Six of October Development & Investment	92.	NEDA.CA	Northern Upper Egypt Devel. & Agr. Product.
43.	COSG.CA	Cairo Oils & Soap	93.	MNHD.CA	Medinet Nasr Housing
44.	EHDR.CA	Egy. Housing Dev. & Reconstruction	94.	CIRA.CA	Cairo Investment & Real Estate Dev.
45.	CCRS.CA	Gulf Canadian Real Estate Investment Co.	95.	OCIC.CA	Orascom Construction Industries (OCI)
46.	RAYA.CA	Raya Holding For Tech. And Comm.	96.	BISM.CA	Bisco Misr
47.	PHDC.CA	Palm Hills Development Company	97.	UEFM.CA	Upper Egypt Flour Mills
48.	PIOH.CA	Pioneers Holding	98	AFMC.CA	Alexandria Flour Mills
49.	IFAP.CA	International Agricultural Products	99.	COSG.CA	Cairo Oils & Soap
50.	DCRC.CA	Delta Construction & Rebuilding	100.	ELEC.CA	Egyptian Electrical Cables