Corporate Governance Effectiveness and Voluntary Disclosures: An Empirical Study of the Listed Companies in Egypt

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### Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADR</td>
<td>Alternative Dispute Resolution System.</td>
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<tr>
<td>AICPA</td>
<td>American Institute of Certified Public Accountants.</td>
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<tr>
<td>CAO</td>
<td>Central Auditing Organization.</td>
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<tr>
<td>CASE</td>
<td>Cairo and Alexandria Stock Exchange.</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer.</td>
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<tr>
<td>CG</td>
<td>Corporate Governance.</td>
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<td>CMA</td>
<td>Capital Market Authority.</td>
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<td>ECB</td>
<td>Egyptian Central Bank.</td>
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<td>ECID</td>
<td>Egyptian Company of Information Dissemination.</td>
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<tr>
<td>EFSA</td>
<td>Egyptian Financial Supervisory Authority.</td>
</tr>
<tr>
<td>EMH</td>
<td>Efficient Market Hypothesis.</td>
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<td>FASB</td>
<td>Financial Accounting Standards Board.</td>
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<td>FOMC</td>
<td>Federal Open Market Committee.</td>
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<tr>
<td>GAAP</td>
<td>General Accepted Accounting Principles.</td>
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<td>GDP</td>
<td>Gross Domestic Product.</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund.</td>
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<tr>
<td>ISAR</td>
<td>International Standards of Accounting and Reporting.</td>
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<tr>
<td>LIFFE</td>
<td>London International Financial Futures Exchange.</td>
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<tr>
<td>MB</td>
<td>market-to-book.</td>
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<tr>
<td>MCSD</td>
<td>Misr Central Clearing and Depository.</td>
</tr>
<tr>
<td>MOFT</td>
<td>Minister of Foreign Trade.</td>
</tr>
<tr>
<td>MTS</td>
<td>Mercato Telematico de Titoli di Stato.</td>
</tr>
<tr>
<td>OLS</td>
<td>Ordinary Least Square.</td>
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<tr>
<td>OTS</td>
<td>Over-the-Counter.</td>
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<tr>
<td>ROE</td>
<td>Return on Equity.</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission.</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development.</td>
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Abstract

This thesis develops a model to show that an improvement in transparency, which allows stock market investors to obtain more firm-specific information, is not always value-enhancing for the firm. An improvement in transparency may either increase or decrease the sensitivity of stock price to earnings, and thus, may either strengthen or weaken managerial incentives, depending on whether the main effects is to improve the precision of the earnings signal or to lower uncertainty.

Increased sensitivity of stock price to earnings may itself either increase or decrease shareholder value, it increases shareholder value of low-growth firms by correcting their under-investment, but decreases shareholder value of high-growth firms by worsening their tendency to overinvest.

Overall, the impact of an improvement in transparency on shareholder value is unclear and depends on a firm’s risk and growth opportunities.

Faced with unstable competition, stock markets should have fairness and transparency, the evidence from this study indicates that increasing the market transparency makes the price discovery process more efficient than before from the viewpoint of stock market volatility and increases the stock market liquidity compared with before.
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CORPORATE GOVERNANCE EFFECTIVENESS AND VOLUNTARY DISCLOSURES: AN EMPIRICAL