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Influence of Corporate Attributes on Magnitude of Disclosure by Private Commercial Banks in Bangladesh

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ABSTRACT

The study reports the results of an empirical investigation of the magnitude of disclosure by listed Private Commercial Banks (PCBs) in Bangladesh and the attributes influencing it. For the purpose of the study, samples were taken following the purposive sampling approach covering about 21 percent of the population. A researcher developed unweighted disclosure checklist containing 247 information items divided into ten groups, were utilized. Applying the Dichotomous scoring procedure, the study found an average disclosure of 75.76 percent with a constant growth during the study period. Significant differences were found while comparing the disclosure level among the years and among the sample banks under study. Out of the eight variables, the regression model used in the study found Log total assets, Return on Equity (ROE), and EPS as three influential contributors to disclosure; while other five variables were found to have insignificant influence on disclosure of PCBs in Bangladesh.

Key words: Banking Sector, Corporate Attributes, Disclosure, Disclosure Index, Financial Reporting, Private Commercial Bank.

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I. INTRODUCTION

Commercial banks, the vital part of an economy, have been playing an important role in accelerating the economic development of Bangladesh. But there were no domestic private commercial banks in Bangladesh until April 12, 1982 when Arab-Bangladesh (AB) Bank Limited inaugurated commercial banking in Bangladesh as the first commercial bank in private sector of the country. Since then the number of private commercial banks has been increasing day by day. According to Bangladesh Bank (BB), up to December 31, 2015, there were 56 scheduled banks in Bangladesh operating under the supervision of Bangladesh Bank. Among those four were nationalized commercial banks (NCBs), thirty one were conventional private commercial banks, eight were Islamic commercial banks, nine were foreign commercial banks and the rest four were specialized banks.

Listing on a stock exchange is considered a part of strategic plan of a business especially when leveraging and expansion are the plans, and also considered a potential source of equity financing (Berri, 2008). To exploit the benefits of listing, commercial banks in Bangladesh started to become listed with Dhaka Stock Exchange (DSE)since 1983 with the listing of AB Bank Limited and up to December 31, 2012, thirty commercial banks including one 'Public commercial bank' became listed with DSE. [1]Beside many benefits, listed companies are to face many new challenges like additional disclosure for investors, and rules and regulations monitored by the Securities and Exchange Commission (Balasubramaniam, 2014).

Commercial Banks in Bangladesh, considering their year of establishment, are classified into three generations. Banks incorporated during the period of 1971-1990 are classified as first generation banks. Banks that were licensed during the period of 1991-2000 are called second generation. Third generation banks are the banks that got license since 2000 (Islam & Alam, 2010; Haque, 2013). As listed companies are required to disclose more information, a modified approach was used in the current study where the banks were classified into three generations considering their year of listing (Balasubramaniam, 2014). Banks listed during 1983-1990 were classified as first generation banks, banks listed during 1991-2000 were classified as second generation banks, and all the banks listed since 2001 were classified as third generation banks.

A large variety of stakeholders including depositors, shareholders, government, regulatory authorities and others are interested to know the financial performances of the private sector commercial banks in Bangladesh. Banks convey the financial activities and the results thereof to the interested parties through preparation and presentation of financial statements via different conventional and modern media of communication. Besides, most individuals and organizations make use of banks either as depositor or borrower or investor. Hence, there is a considerable and wide-spread interest in the well-being of banks and in particular their risks, solvency, liquidity and profitability. These aspects are expected to be disclosed in the financial and other reports of banks (Islam, 1997).

Although it is known that disclosure and transparency are positively related, the recent shocks in the banking sectors of Bangladesh have brought disclosure issue in the limelight. Disclosure is the act of releasing all relevant information- well or bad- pertaining to a company that may influence an investment decision and to make it as fair as possible for everyone. It is defined as the process of presenting financial and other data about the financial position, operating performance, and cash flows of a company for an accounting period (Dafe, 2014). Disclosure is also an effort to expose financial performance, that is, how well or how poorly the management of an entity has performed with the money entrusted with them (Sacco, 1998). As disclosure is important means for management to communicate firm's performance and value to outside investors, increased disclosure practices help reduce information gap between firm and its stakeholders. As full disclosure and transparency are considered the twin cornerstones for protecting shareholder's right, it can build a climate of trust and boost confidence of investors (Madhani, 2008).

From the viewpoint of management and objectives, private and public sector commercial banks are different. The persistent growth of private commercial banks has drawn special attention of regulators, professional bodies, potential and existing investors, and other stakeholders. But there are hardly a few studies on disclosure practices of private commercial banks in Bangladesh. Therefore, research in the field of banking in the private sector is still a matter of expectation in Bangladesh. However, most of these studies were conducted more than a decade ago and since then there have been many changes in local and international reporting standards, legislation, business and reporting environment and securities reporting rules. All these changes call for a constant update in the research in this area of study. Additional empirical evidence on financial reporting will enhance the quality of literature in this field of study which makes a research of this nature of paramount interest. The analysis of previous researchers was based on the reporting requirements during the period of their study. But reporting requirements are being changed perpetually and there is a need to keep pace with these changes. The rapidly changing global economic and financial environment calls for a constant update in this area of study. In these circumstances, the main objective of the study is to expose the corporate attributes that influences disclosure magnitude by private commercial banks in Bangladesh. Other related objectives of this study are:

- To show the magnitude of disclosure by the private commercial banks in Bangladesh.
- To identify whether there is any significant difference in disclosure percentage among the private commercial banks in Bangladesh.

The rest of the paper has been structured as follows. Section two incorporates the review of existing literatures; section three covers development of hypothesis, section four explains the methodology of the study; section five shows data analysis; section six depicts summary findings and recommendations; and the last section seven consists of conclusion.

II. LITERATURE REVIEW

During the last few decades, a good number of researches were done in developed and developing countries of the world on different accounting issues like disclosure or financial reporting, multidimensional aspects of financial reporting, disclosure policy, harmonization of International Accounting Standard and so forth. It is stated that disclosure of financial information in corporate annual reports and their determinants have attracted considerable research attention in the developed countries than developing ones (Akhtaruddin, 2005; Barako, 2007). Only a few studies have been carried out in developing countries relating to the issues of disclosure and the corporate attributes influencing it. However, it is often alleged that listed companies do not fully comply with the disclosure requirements stipulated by the regulatory agencies (Akhtaruddin, 2005). It is also evident that government regulatory bodies and the accountancy profession of emerging nations suffer from structural weaknesses and often take a lenient attitude towards default of accounting regulations (Ali, Ahmed & Henry, 2004).

To date, some of the researches have been done on the overall disclosure practices of Bangladeshi companies including the banking sector. Disclosure practices of Bangladeshi companies have been found to be deficient in the sense that they lack vital information that enable stakeholders make informed decisions. Belal (2000) asserted that the disclosure practices in Bangladesh are very poor and inadequate in many respects and hence, need to be improved. Disclosure practices by Bangladeshi companies had also been empirically investigated by Hye (1988), Alam (1990), and Dutta & Bose (2007). Their observations were quite similar in that they all observed inadequacy of disclosure and non-compliance with Bangladesh Accounting Standards (BAS) by the public companies in Bangladesh.

Some researchers also undertook study on disclosure and some other aspects of banking sector in Bangladesh. A study of Malek (2005) showed that foreign banks working in Bangladesh outperformed the local private banks regarding disclosure. Disclosure practices by Bangladeshi banks were also empirically investigated by Islam (1997), Ahmed (2000), Saha and Rahman (2000), Azizuddin (2001), Khan and Kumar (2001), Chowdhury (2004), and Ahmed (2009) and they all discovered that corporate disclosure practices in banking sector of Bangladesh is poor.

III. DEVELOPMENT OF HYPOTHESIS

One of the objectives of this study, as mentioned earlier, is to determine the factors influencing the magnitude of disclosure in the annual reports of listed private Commercial Banks in Bangladesh. An attempt was made to develop a hypothesis for the purpose of achieving the objective. Based on the conditions mentioned by Owusu-Anash (1998), four broad independent variables proxied by seven variables were selected as corporate attributes. The independent variables are company size (proxied by total assets and number of shareholders), profitability (proxied by EPS and ROE), Solvency (proxied by Debt Equity Ratio, Credit Deposit ratio and CAR) and Listing age. Results of previous research studies and the expected partial effect of each of the eight corporate attributes on disclosure are theorized below:

Company Size

The size of the reporting company has been a major variable in most studies examining disclosure variability. Without the findings of Spero (1979) and Stanga (1976), all the studies have found that corporate size significantly explains disclosure levels and variability. Empirical evidence confirms the hypothesized positive relationship between company size and disclosure (Akhteruddin, 2005; Karim & Ahmed, 2005; Owusu-Anash, 1998; Cooke, 1992). Corporate size can be measured in a number of different ways and there is no overriding reason to prefer one to the other(s) (Cooke, 1992). Several measures of size were available to us such as total assets, fixed assets, paid up capital, shareholders' equity, number of shareholders, and number of branches. Most of the size variables were highly correlated among each other. The problem of collinearity of the size variables was averted and Total assets and Total numbers of shareholders were selected on the basis of correlation coefficients with the dependent variable. The two size variables were logarithmically (base 10) transformed as done by Owusu-Anash (1998, p. 611).

Profitability

Profitability was used by a number of researchers as an independent variable for fluctuations in disclosure level. Empirical evidence confirms a positive relationship between company size and disclosure. Singhvi and Desai (1971), Walles and Naser (1995), Inchausti (1997), Hossain (1998), Akhtaruddin (2005) and Ahmed (2009) found a positive association between profitability and the extent of disclosure. Inchausti (1997) states that management when in possession of “good news” due to better performance are more likely to disclose more detailed information to the stock market than that provided by “bad news” companies to avoid undervaluation of their shares. Owusu-Anash (1998) argues that unprofitable companies will also be inclined to release more information in defense of poor performance. Ahmed (2009) states that banks having higher profitability may disclose more detailed information in their corporate annual reports in order to experience the comfort of communicating it as good news whereas banks with lower profitability (or losses) disclose less information in order to cover up the reasons for losses or lower profits. However, Lang and Lundholm (1993, p. 250) note that the influence of a company’s profitability level on discourse can be positive, neutral or negative depending on its performance. A number of profitability measures were used by previous researchers. In the present study EPS and ROE have been used as the proxy of profitability.

Solvency

Solvency refers to an enterprise’s state of financial health and also refers to an enterprise's capacity to meet its long-term financial commitments. A bank’s solvency is of very important to depositors, shareholders, management as well as to the regulators and it is expected that the solvent companies disclose more information because they want to convey their financial strength to the related parties as compare to those whose solvency is not satisfactory. A number of financial ratios are used to measure a company’s solvency such as Debt equity ratio, Credit deposit ratio, Capital adequacy ratio (CAR), Debt to total assets ratio and so forth.

Debt equity ratio, also called leverage ratio, has been used by several researchers to assess whether it bears any relationship to disclosure level, Chow and Wong-Boren (1987), Ahmed and Nicholls (1994), Walles and Naser (1995), Inchausti, (1997) and (Ahmed, 2009) found no significant association between debt equity ratio and the level of disclosure.

Credit Deposit Ratio is the ratio of how much a bank lends out of the deposits it has mobilized and gives the first indication of the health of a bank. A higher ratio indicates more reliance on deposits for lending and vice-versa. A very high ratio is considered alarming because, in addition to indicating pressure on resources, it may also hint at capital adequacy issues, forcing banks to raise more capital. Therefore, it is assumed that the banks that have high credit-deposit ratio are reluctant to disclose this information. On the other hand banks with lower credit deposit ratio try to disclose more to show up their strength or solvency. Ahmed (2009) and Ullah (2013) used this ratio as an independent variable in their study and found positive but insignificant relationship between disclosure and credit deposit ratio.

Capital Adequacy Ratio (CAR) is the percentage of a bank's capital in relation to the risk weighted assets of the bank. It is a measure of capital and also a mandatory disclosure requirement in the annual report of a bank. It gives an overall idea about the financial strength of a bank. Higher capital adequacy ratio (is related to lower risk), leads to a more stable and balanced banking system reducing the overall financial institution failure rate. Therefore, it can be assumed that banks with higher capital adequacy ratio disclose financial information to a greater extent than the banks with lower capital adequacy ratio. Hossain (2008), Ahmed (2009) and Ullah (2013) used capital adequacy ratio as an independent variable in their study. Hossain (2008) found significant positive relationship whereas Ahmed (2009) and Ullah (2013) found insignificant positive relationship between disclosure and CAR.

Age (of Listing)

Generally it seems that long-established banks disclose more information then newly established banks as the banks in first group enjoy some advantages such as adequate capital , brand name, reputation etc. Age has been used as a factor among disclosure studies by Owusu-Ansah (1998), Prencipe (2004), Akhtaruddin (2005), Hossain (2008), Arif and Tuhin (2013), and Ullah (2013). Owusu-Ansah (1998), Prencipe (2004), and Arif and Tuhin (2013) found significant relationship between disclosure and the company age whereas Akhtaruddin (2005), Hossain (2008) and Ullah (2013) found insignificant positive relationship between the variables. Listing of a company in a stock exchange involve investors, stock exchanges, and regulators such as SEC and all these require a company to disclose more information than a non-listed company.

For the purpose of this study, listing age was taken as the variable rather simple age since the establishment of the company. Thus, the hypothesis related to the study was developed as follows:

H1: There is a significant association between the disclosure magnitude and some selected corporate attributes such as Company size (Total assets and Number of shareholders), Profitability (EPS and ROE), Solvency (Debt Equity Ratio, Credit Deposit Ratio, and CAR) and Listing Age of Private Commercial Banks in Bangladesh.

IV. RESEARCH METHODOLOGY

4.1 Selection of Sample

As of December 31, 2015, there were thirty banks listed on the DSE. Of these banks, 29 banks were private commercial bank and Rupali Bank was the only bank listed from public sector. The population size became 29 after the exclusion of the Rupali banks. All the 29 private commercial banks listed on the DSE were stratified into three Generations and six banks (two from each generation) were selected applying the judgmental sampling method and the availability of annual reports. The sample size represents about 21% of population. The banks included in the study are shown in Table-1.

TABLE 1

LIST OF THE SAMPLE BANKS WITH THEIR RESPECTIVE ACRONYMS AND LISTING YEAR

S.L	Name of Banks (DSE Acronym)	Listing year	Period
1.	IFIC	1986	Up to 1990
2.	UCB	1986	
3.	SOUTHEAST	2000	1991 - 2000
4.	PRIMEBANK	2000	
5.	BANKASIA	2004	2001 - 2010
6.	EXIMBANK	2004	

Source: Website of DSE, Dhaka, accessed on December 01, 2015

4.2 Sources of Data

For the purpose of this study, secondary sources of data were utilized that consist of annual reports of the sample banks, bruisers and online materials of the sample banks, and the ICAB publications containing the BASs/BFRSs. A total of thirty annual reports of the sample banks from 2008 to 2012 (five years' of each sample) were collected from the corporate head office of the sample banks as well as some were collected from the DSE during 2013.

4.3 The Disclosure Checklist

Methods vary considerably among different studies on disclosure. In some studies only the voluntary information items (financial and/or non-financial) were quantified, in some others only mandatory items were quantified (Akhtaruddin, 2005), whilst others considered both voluntary and mandatory items. There are also differences in the number of information items in the checklist. This study followed a comprehensive approach by focusing on both mandatory and voluntary items, using a researcher-constructed un-weighted disclosure checklist. The disclosure checklist was designed in line with the relevant disclosure requirements of the IASs/IFRSs, BASs/BFRSs, BSEC requirements, BB circulars, and other relevant voluntary disclosure requirements. The disclosure index was constructed containing 247 disclosure items classified under ten categories.

TABLE 2

DISCLOSURE CATEGORIES WITH THEIR RESPECTIVE ACRONYMS

S.L.	Head of Disclosure Items	Acronyms	Score
A.	Disclosure about General Corporate Information	GCI	32
B.	Disclosure about Financial Statistical and Other Analysis	FSO	31
C.	Disclosure about Report from Management and Others	RMO	25
D.	Disclosure about Financial Statements	FS	24
E.	Disclosure about Balance Sheet Items Related to Assets	BRA	24
F.	Disclosure about Balance Sheet Items Related to Liabilities & Equity	BLE	21
G.	Disclosure about Income Statement Items & Appropriation of Profit	ISA	25
H.	Disclosure about Statement of Cash Flows and Other Statements	CFO	21
I.	Disclosure about Basis of Preparation of the Statements	BPS	21
J.	Disclosure about Significant Accounting Policies	SAP	23
	Total		**247**

4.4 The Scoring Procedure for Disclosure Index

Unweighted dichotomous procedure was used in the study where each disclosure item on the checklist was assigned a value of ‘1’ if it was disclosed and ‘0’ if the item was assumed relevant but not disclosed and items obviously not applicable were coded not applicable (N/A). The score (index) for each category was the ratio of actual disclosure divided by applicable disclosure. The dependent variable of the study was Overall Disclosure Index (ODI), which comprised of the required mandatory and voluntary indexes as applicable in Bangladesh. The overall disclosure index was further broken down into ten constituent parts.

Thus the equation of disclosure index (using the acronyms shown in TABLE 2) was as under:

Overall disclosure index (ODI) = $\sum_{i=1}^{n} di$ .Where, d= 1 if the item di was disclosed, d=0 if the item di was not disclosed, n= number of items.

V. RESULTS AND DISCUSSION

5.1 Year-wise Descriptive Statistics of Disclosure Percentages

Table-3 shows the descriptive statistics of the sample banks for the five years under study from 2008 to 2012. The mean disclosure score of the sample banks was 75.69 percent and it had been increasing gradually which was 66.67 percent in the first year (2008) and 84.06 percent in the last year (2012). However, the percentage of increase over the study period was very high. The table also indicates that there was a very little consistency in disclosure among the sample banks from year to year. However, the standard deviations of the last two years were lower than that of the first three years which expose that the disclosure level in the last two years was a little bit consistent than the first three years.

TABLE 3

YEAR-WISE DESCRIPTIVE STATISTICS OF DISCLOSURE PERCENTAGES

Year	N	Mean	Std. Deviation	Minimum	Maximum
2008	6	66.67	9.23	59.50	83.81
2009	6	70.65	8.54	60.73	85.43
2010	6	76.25	6.46	70.45	87.85
2011	6	80.63	5.74	74.90	89.88
2012	6	84.06	5.92	78.50	92.31
Total	30	75.69	9.31	59.51	92.31

Source: Analysis of Annual Reports (2008-2012)

5.2 Sample-wise Descriptive Statistics of Disclosure Percentages:

TABLE 4 shows the sample-wise descriptive statistics of six sample banks. It has been observed from the table that the mean percentage of disclosure is the highest in sample-4 (87.85%) which is the lowest in sample-2 (69.55%). Sample four also shows the lowest standard deviation (3.39) which is the highest in sample-2 (9.27). These indicate that disclosure index percentage in sample-4 was very consistent as against very inconsistent in sample-1.

TABLE 4

SAMPLE-WISE DESCRIPTIVE STATISTICS OF DISCLOSURE PERCENTAGES

	N	Mean	Std. Deviation	Minimum	Maximum
Sample-1	5	77.0040	9.15978	63.56	86.64
Sample-2	5	69.5560	9.27599	59.51	79.76
Sample-3	5	71.0000	7.29520	60.70	78.50
Sample-4	5	87.8560	3.39817	83.81	92.31
Sample-5	5	77.8120	7.75335	70.04	88.66
Sample-6	5	70.9300	6.18317	63.56	78.54

Source: Analysis of Annual Reports (2008-2012)

5.3 Variation of Disclosure among the Sample Banks

One-way ANOVA technique has been applied in order to identify whether there was any significant difference in disclosure among the sample banks. It has been found from the five years' panel data of the sample banks in Table-5 that F (4, 25) = 4.941, p = .002 at 5% level of significance which is lower than .05. It means that there was a significant difference in the disclosure scores among the Private Commercial Banks in Bangladesh.

TABLE 5

ONE-WAY ANOVA FOR COMPARING THE SAMPLE BANKS UNDER STUDY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1189.630	4	297.408	5.612	.002
Within Groups	1324.867	25	52.995		
Total	2514.498	29			

Source: Field Study (2008 - 2012)

5.4 Descriptive Statistics of the Independent Variables:

TABLE 6 shows descriptive statistics of the variables in the current study. Each of the eight variables as shown in the table varies greatly, Log total assets ranged from 8.90 million to 12.38 million, with a mean of 11.24 million. The range of Log number of shareholders during the period under study was between 9.03 and 11.85, with a mean of 10.33. The mean of the two profitability variables were 3.67 for EPS and 18.74 for ROE. The DE ratio during the period under study ranged from 4.74 to 15.60, with a mean of 10.74. In terms of Credit Deposit ratio (CD), the minimum was 75.56 percent with the maximum of 98.26 percent and the mean percentage of 86.74, and standard deviation of 5.28. On the other hand, in terms of Capital Adequacy Ratio (CAR), a range of 6.31 percent to 14.88 percent was found with a mean percentage of 11.10 and standard deviation of 1.73. Listing age of the companies indicate the average listing age at the DSE from 2008 to 2012. The lowest age of listing at the beginning of our study period was 4 years and the highest age in the last year of the study was 26 years with a mean age of 13.33 years.

TABLE 6

DESCRIPTIVE STATISTICS OF THE VARIABLES

Variables	Mini.	Maxi.	Mean	Std. Dev.
Log Total Assets (LTA)	8.90	12.38	11.2407	.88031
Log Total no of Shareholders (LSH)	9.03	11.85	10.3299	.88954
Earnings Per Share (EPS)	.91	7.83	3.6663	1.86028
Return on Equity (ROE)	5.65	32.12	18.7350	7.48651
Debt Equity Ratio (DE)	4.74	15.60	10.7413	2.75641
Credit Deposit Ratio (CD)	75.56	98.26	86.7397	5.28324
Capital Adequacy Ratio (CAR)	6.31	14.88	11.0983	1.72775
Listing Age (LA)	4.0	26.0	13.333	7.9799
Average Disclosure Percentage (ADP)	60	92	75.70	9.311

Source: Annual report of the sample companies (2008 - 2012)

5.5 Correlation Analysis among the Independent Variables: In order to identify the correlations among the variables, Pearson's correlation coefficients (r) were calculated.

TABLE 7

CORRELATIONS AMONG THE VARIABLES

	LTA	LSH	EPS	ROE	DE	CD	CAR	LA	ADP
LTA	1								
LSH	.134	1							
	.480								
EPS	.049	-.292	1						
	.796	.118							
ROE	.140	-.294	.793**	1					
	.461	.115	.000						
DE	.199	-.193	-.011	.179	1				
	.292	.306	.952	.343					
CD	.077	-.067	.349	.388*	.090	1			
	.686	.723	.058	.034	.637				
CAR	-.010	-.219	.189	-.182	-.350	-.098	1		
	.959	.245	.318	.336	.058	.607			
LA	.165	.284	-.258	-.272	.214	-.576**	-.270	1	
	.382	.128	.169	.147	.257	.001	.150		
ADP	.543**	.116	.111	-.184	-.100	-.040	.346	-.009	1
	.002	.542	.560	.329	.601	.832	.061	.963	

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Taking the five years' average of six sample banks a correlation matrix was developed as shown in Table 7. The table shows a significant relationship at 1% level ($p < .01$) among some variables .793 between ROE and EPS, -.576 between credit deposit and listing age, .388 between credit deposit ratio and ROE and .543 between log total asset and average disclosure percentage. Some relations are significant at 5% level ($p < .05$) and all other relations are relatively weaker. But none of the values is greater than .80 which signifies that there is no collinearity problem among the independent variables.

5.6 Explanation of the Results of Multiple Regressions

Multiple linear regression technique was used to test the impact of independent variables on dependent variable (ODI). Variance Inflation Factor (VIF) was also been used to test the multicollinearity in the regression model. If VIF is greater than 10, it should be considered an indication of harmful multicollinearity (Arif & Tuhin, 2013). Table 8 shows that the VIFs of all the independent variables are below 10 even the VIFs of all the variables are less than 5. Therefore, it can be confirmed that collinearity is not a problem in this model and there is only a little possibility of creating serious problem in the interpretation of the results of the multiple regression analysis.

TABLE 8

RESULT OF LINEAR REGRESSION INCLUDING COLLINEARITY DIAGNOSTICS

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**	**Variance Inflation Factor (VIF)**
	B	**Std. Error**	**Beta**			
(Constant)	.371	.374		.992	.333	
LTA	.074	.015	.699	4.827	**.000**	1.250
LSH	.005	.016	.052	.334	.742	1.468
EPS	.045	.014	.895	3.234	**.004**	4.565
ROE	-.012	.004	-1.004	-3.462	**.002**	5.008
CD	.001	.005	.021	.133	.896	1.463
DE	-.004	.003	-.218	-1.159	.259	2.102
CAR	-.005	.010	-.092	-.473	.641	2.250
LA	-.004	.002	-.336	-1.654	.113	2.455
Model Summary →			R .805 R Square .648 F-value 4.823 P-value (Sig.) .002			

Source: Field Study (2008 - 2012)

The results of the multiple regression analysis of the association between the corporate attributes and the extent of disclosure in the annual reports of sample banks show that the R value is 0.805, which represents the simple correlation degree of which is very high. The R^2 value indicates how much of the dependent variable, "ODI", can be explained by the independent variables. In this case, 64.8% can be explained, which is also very large. ANOVA table indicates that the regression model predicts the outcome variable significantly well. Here, p = 0.002, which is less than 0.05, and indicates that, overall, the model applied can significantly predict the outcome variable. Thus the results of regression model can be expressed as: ODI= α + β Log TA + β Log SH + β EPS + β ROE + β CD + β DE + β CAR + β LA

5.7 Explanation of the Result of Multiple Regression Excluding Collinearity

Allison (2012) described that VIF has a lower bound of 1 but no upper bound and authorities differ on how high the VIF has to be to constitute a problem. According to him it is a matter of concerned when a VIF is greater than 2.50. Table 8 shows that there are two VIFs more than 5. To set more satisfactory regression model, and to eliminate insignificant variables 'Forwarded' method of SPSS was applied and thus three variables were found significant and all the VIFs of these three variables became below 2.50 as shown in Table 9. Thus, the alternative model was drawn as: ODI= α + β Log TA+ β EPS + β ROE

TABLE 9

MULTIPLE REGRESSIONS EXCLUDING COLLINEARITY PROBLEM

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.073	.149		.486	.631		
LTA	.067	.013	.630	4.985	.000	.970	1.031
EPS	.040	.010	.798	3.885	.001	.367	2.725
ROE	-.011	.003	-.906	-4.370	.000	.361	2.773
Model Summary →			R .773 R Square .597 F-value 12.852 P-value (Sig.) .000				

- *Predictors: (Constant), LTA, LA, CAR*
- *Dependent Variable: ADP*

The results obtained through the second multiple regression analysis suggest that the companies that are large in size measured by Log total assets are likely to disclose more information. The positive association between company size and disclosure is consistent with prior findings of Cooke (1989), Ahmed & Nicolls (1994), Wallace & Naser (1995), Owusu-Ansah (1998), Akhteruddin (2005) and Ahmed (2009). Significant positive influence of profitability variable proxied by EPS and ROE on disclosure suggests that profitable companies are more likely to disclose more information than the companies that are less profitable. The association between profitability and disclosure level is consistent with the findings of previous research by Singhvi and Desai (1971), Walles and Naser (1995), Inchausti (1997) , Hossain (1998), Akhtaruddin (2005) and Ahmed (2009) found a positive association between profitability and the extent of disclosure.

The remaining variables (log shareholders, credit deposit ratio, debt to equity ratio, CAR, and listing age) have no significant contribution. Therefore, the alternative hypothesis is accepted that there is a significant association between the extent of disclosure and some selected corporate attributes of Private Commercial Banks in Bangladesh.

VI. SUMMARY FINDINGS AND RECOMMENDATIONS

Empirical findings from the analysis of the annual reports, on the basis of disclosure index, reveal that the mean disclosure of five years was 75.69 percent as against 66.67 percent in 2008 and 84.06 percent in 2012. The trend shows that the mean disclosure score of the banking sector was increasing gradually. This implies that the banking sector in Bangladesh had been maintaining a satisfactory level of disclosure. But the mean disclosure 75.69 percent implies that there were still some scopes for improving disclosure percentage by private commercial banks in Bangladesh.

On the basis of the findings of the study the following recommendations are made which are expected to be useful to a large variety of stakeholders such as accountants, auditors, company managers, investors, financial analysts, stock exchanges, standard setters and other regulatory bodies like Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank. Firstly, adequate steps should be taken by regulatory bodies to ensure full compliance with relevant accounting disclosure requirements applicable in Bangladesh. Secondly, effective enforcement programs should be adopted to protect the interest of the diverse user groups. Those who abide by the regulatory and other reporting requirements should be awarded, whereas stern actions should be taken against the culprits in order to ensure that all listed companies comply with the mandatory accounting standards in Bangladesh. Thirdly, the high degree of compliance and disclosure can be related to low disclosure costs which could have resulted by giving tax shield on printing cost of annual reports. This will reduce cost of disclosure and encourage the disclosure of more information in the annual reports of the Banking companies in Bangladesh. Finally, all Bangladeshi listed companies should disclose the compliance status of both the National and International Standards that will in turn enhance the confidence among international users of financial reporting. This will make the financial statements comparable and will, therefore, enhance global competition, inflow of foreign direct and indirect investment, and international listings.

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[1] Rupali Bank Limited, a 90% government owned bank became listed in the DSE in 1986.