

# Abstract

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## **INSTITUTIONAL INVESTORS and VOLUNTARY DISCLOSURE and TRANSPARENCY IN EGYPT**

Corporate governance, especially disclosure and transparency, have become critical issues in today's business environment. Greater, especially voluntary, disclosure promotes overall transparency enhancing investor confidence. This thesis explores how institutional ownership impacts voluntary disclosure and transparency in Egypt: first, by assessing corporate voluntary disclosure/transparency levels, and second, by analysing how institutional investors' ownership impact these levels. Voluntary disclosure/transparency was determined using a voluntary disclosure and transparency index – using a checklist against which annual reports of companies on the Egyptian Exchange were examined. Institutional ownership was considered from two perspectives: 1) aggregate 2) subdivided into, banks insurance companies mutual funds blockholders government foreign. Four firm characteristics believed to impact disclosure and transparency were integrated into the study: firm size leverage profitability age. Regression models were constructed and seven main hypotheses and five sub-hypotheses developed and tested using various multivariate techniques to determine the impact of institutional ownership. The models were tested using data from 191 annual reports of the 50 most active companies on the Egyptian Exchange over the period 2007-2011. The results showed: relatively low levels of voluntary disclosure and transparency prevail in Egypt with the lowest levels of disclosure relating to corporate governance and corporate social responsibility information institutional ownership in aggregate positively impacted levels of voluntary disclosure and transparency. However, when analysed separately, ownership by banks and foreign institutional investors were found to be the most influential in improving corporate voluntary disclosure. Institutions with over fifty percent of ownership were also found to have a positive impact. Overall, the results revealed that the type of institutional ownership does matter in relation to promoting disclosure/transparency and should not be treated as one homogenous group. It is suggested to better integrate and utilize those institutions with potential for improving corporate disclosure. This research adds to the very few studies on how different kinds of institutional ownership impact corporate governance in emerging markets.