

The Relationship between Voluntary Disclosure and Company Performances on Interim Reports in Jordan Using the Method of Causality Directions

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Abstract

The focal point of this study is on voluntary disclosure in interim financial reports of the ASE listed companies in Jordan. The initiatives of voluntary disclosure have been under global scrutiny since the last two decades, owing to various stakeholders' persistent needs to be more informed about their corporations. As the mandatory corporate disclosure itself is insufficient, the study attempts to assess the directions of causality between the degree of voluntary disclosure and corporate performance in the half-yearly reports released by companies listed in the Jordan's ASE for the period of 5 years (2009-2013). The Granger tests were employed to ascertain the causality between voluntary disclosures and corporate performance in the half-yearly reports. From the test outcomes, most companies (50) show no directional causality, 21 companies demonstrate unidirectional causality while one company has bidirectional causality. The quality of voluntary disclosure appears to have high correlation with the performance of companies their half-yearly reports. Thus, high levels of transparency and quality of disclosure lead to good governance and enhance company's performance, while low voluntary disclosure makes it more difficult to forecast the company's performance.

Keywords: interim reports, voluntary disclosure, interim reports, corporate performance

1. Introduction

Stakeholders attach importance to voluntary disclosure because it feeds them with the much needed information to decrease uncertainty and aids them when making the right economic and financial decisions (Cooke, 1989). Additionally, attaining economic stability and the promotion of sustainable high quality investment by corporations are made easier by voluntary disclosure's transparency. This is made possible via financial reports released by companies. In fact, Lang and Lundholm (1993), and Betosan (1997) documented financial reports as a vital source of information to outsiders.

According to Barko, Hancock, and Izan (2006), companies can use financial reports to convey corporate information, quantitative and qualitative, to their stakeholders or to other parties with interest. Additionally, the quality of voluntary disclosure appears to have high correlation with the performance of firm (Mitton, 2002). Thus, sound governance can be attained and the performance of firm can be enhanced when transparency and quality of disclosure are high. On the other hand, Chang, Cho, and Shin (2007) contended that it would be more difficult for the market to predict the performance of firm when the level of voluntary disclosure is low.

Creditors and investors find information in interim financial reports useful for their decision making process, and thus, the level of information disclosure is a crucial feature in interim financial reports (Albawwat et al., 2014). Aside from that, the interim financial reports become the consistent source to creditors and investors for obtaining the most updated information on the companies' wellbeing. In relation to this, Saravanakumar et al. (2012) reported that many stock exchanges all over the world today require companies to release interim financial reports so that the primary stakeholders such as the investors, shareholders and employees would be provided with high quality financial information in a timely manner. This would also provide assistance in these stakeholders' investment and financing decisions.

Aside from that, Mangena and Taurigana (2007) reported a significant amount of citations in the literature pertaining to the value of interim reports in the decision making process of stock market investors. In relation to

this, Allen et al. (1999) and Alias et al. (2009) documented that these reports supply investors with pertinent, dependable and newest material information with regard to the financial standing of the publicly listed companies, enabling them to make informed investment decisions, particularly, in earnings and share prices' predictions.

Reevaluation and corruptions have negatively impacted Jordan's economic growth. On top of that, the country's economy is being burdened by the government's colossal debts, and also by some issues related to economy including the financial crisis which had plagued the country in 2008. Jordan's public debt was at JD 19 billion in 2013 (IMF, 2014), and this had impaired the country's effort of luring foreign investors to come in, especially those from the developed nations. Apart from that, Jordan has also suffered the impacts of several other economic and political incidences which had occurred within the 2005 to 2013 period. These include the Arab Spring and the formation of the Islamic State of Iraq and al-Sham (ISIS). In fact, during this particular period, the country's corporate performance went down, causing economic destabilization (CBJ, 2014).

Returning to the matter of interim financial reports, the listed companies are required to publish them. In fact, Albawwat et al. (2014) documented that investors in Jordan used the interim financial reports and these reports are regarded as useful, and has been ranked the second most crucial source of information. As such, to fulfil the primary objective of this study, the directions of causality (bidirectional, unidirectional or neutral) between voluntary disclosure and company performance in the half-yearly financial reports released by the listed companies in Jordan will be investigated.

2. Hypothesis Development

A number researchers such as Wallace and Naser (1996), Ahmed and Courtis (1999), Haniffa and Cook (2002), Camfferman and Cooke (2002), Chau and Gray (2002), Akhtaruddin, (2005), Barako et al. (2006) and Adelopo (2011) have tested the relationship between corporate performance and the degree of voluntary disclosure in the annual reports, and came up with mixed results. For instance, Wallace and Naser (1996), Haniffa and Cook (2002), Camfferman and Cooke (2002), Chau and Gray (2002) and Adelopo (2011) documented a positively significant relationship between corporate performance and the degree of voluntary disclosure, while Ahmed and Courtis (1999), Akhtaruddin (2005) and Barako et al. (2006) found no statistical significance in the relationship.

Somehow, albeit the mixed outcomes, it is possible to find directions causality between the extent of voluntary disclosure and corporate performance. This directions causality can be explained by the signaling theory, where corporate performance may have the incentive to signal that they are better companies by providing more voluntary disclosure within their interim reports. The company having higher corporate performance would be due to several aspects including voluntary disclosure, resulting in high voluntary disclosure.

Aside from that, the annual reports' voluntary disclosures transmit signals to the marketplace (Gordon et al., 2010). It is expected that these signals would increase the net present value of the company, which will also increase the company's stock market value. On the other hand, the act of non-disclosure is assumed by investors as company hiding 'bad news' (Lev & Penman, 1990). As such, voluntary disclosure becomes the motivation of the good-news firms to distinguish themselves from the bad news counterparts. Thus, it can be said that when corporate performance of a company is increased, the company's voluntary disclosure will also increase.

In an attempt to raise capital, companies with high level of corporate performance are motivated to distinguish themselves from those companies with lower level of corporate performance by releasing voluntary disclosure (Foster, 1986). Aside from that, the management of the high corporate performance companies is motivated to release more information because information disclosure could increase investors' confidence, and this will increase the management's compensation and further, support their position. Thus, based on the aforementioned, the formulated hypothesis is as below:

H1: There are different directions of causality (bidirectional, unidirectional, and neutral) between voluntary disclosure and corporate performance in the half-yearly reports published by the ASE listed companies in Jordan.

3. Methodology

3.1 Data

The focus of the study is on the interim reports (half-yearly) mandated by the Directives for Listing Securities published by the Amman Stock Exchange that were published by the listed companies during the 2009-2013 period. In particular, 72 listed companies have been selected. Further, since the financial sector is governed by financial reporting's special regulations by the Central Bank of Jordan and the Insurance Commission, only non-financial companies were selected for this study.

As for the companies and the time frame chosen, their selection was according to data availability and completeness. With respect to the data gathered, they are all from the first-half of the interim financial reports. Meanwhile, data from the second half of the interim report are not selected as they can also be found in the annual report. As for the data from the first part of interim report, they are crucial for the users (Mathuva, 2012).

3.2 The Disclosure Index

Formulating the voluntary disclosure index is the primary task for this research type. This index functions as the measurement tool in gauging the degree of voluntary disclosure, mandatory disclosure or both of them. As explained by Arvidsson (2003), the disclosure index comprises of a disclosure checklist that includes certain items of disclosure. As for the current study, the focus is on the degree of voluntary disclosure published in the half-yearly reports of the listed companies in Jordan.

However, as indicated by Wallace, Naser and Mora (1994) and Bukh, Nielsen, Gormsen and Mouritsen (2005), the available literature on disclosure has provided no concrete theoretical framework, or guidelines on the appropriate amount or the specification of items to be included in the index. Owing to this matter, the study has taken the following steps during the formulation of voluntary disclosure index:

- 1) During index construction, a voluntary disclosure checklist is formed to reflect the information mandated by the listing requirements of Amman Stock Exchange, the Company Law No. 76 of 2002 and the IFRSs.
- 2) The selections of the past studies are used as guideline. Among these studies are those by Cooke (1989), Meek et al. (1995), Eng and Mak (2003), Ghazali and Weetman (2006), Akhtaruddin and Haron (2010), Al-Shammari and Al-Sultan (2010), Elsayed and Hoque (2010), Lopes and Alencar (2010) and Adelopo (2011). Further, the index's applicability in the context of Jordan is also scrutinized. The underlying rationale for this is that, current knowledge is often based on the past findings. Then, a total of 65 preliminary voluntary disclosure items were developed for this study.
- 3) The preliminary disclosure index developed in this study was checked against the compulsory half-yearly report disclosure in the Amman Stock Exchange in order to ascertain that the index reflects items of voluntary disclosure only. Then, the index was sent to two expert accountants from the ASE to have it refined and validated. After the necessary adjustment was made, the now finalized and validated index contains 56 items.
- 4) The items of the finalized index are then divided based on the three major groups of voluntary disclosure: items of strategic information, items of non-financial information and items of financial information.

For the disclosure index scoring, the unweighted approach appears to be more appropriate and thus, it is chosen for this study. There are three rationales for utilizing the unweighted approach: 1) to avoid the high subjectivity associated with the weights of items of importance's assignment by dissimilar user groups, and this view is supported by Raffournier (1995) and Bukh et al. (2005), 2) assuming that all disclosure items are equal will yield lower bias, compared to the weighted approach which results in inaccurate weighting (Raffournier, 1995), and 3) there are scholars (i.e., Robbins & Austin, 1986); Chow and Wong-Boren (1987) who found no difference in results between the weighted and unweighted approach.

In Mathematical expression, voluntary disclosure index is a ratio or percentage of the actual scores that a company attains and the scores are then divided by the maximum number of items that the company should be disclosing (i.e. $VD \leq 56$ items). With regard to the score value, each item disclosed will be awarded with the score of '1', while each item not disclosed will be awarded with '0'. To attain the voluntary disclosure index ratio, all the scores are added and the total score is then divided by the maximum possible score (56 for this study's index). Meanwhile, similar to the past studies (e.g. Uyar & Kiliç, 2012), corporate performance (CP) in this study is measured by calculating the return on assets (i.e. the ratio of net income to total assets (ROA)).

4. Results and Discussions

The Granger (1969) test is employed in this study in determining the causality directions (bidirectional, unidirectional, or neutral) between voluntary disclosure and corporate performance in the interim reports (half yearly) of the listed companies in Jordan. The test is performed in levels, that is, with no first differencing.

The outcomes of the Granger causality tests for services sector companies are shown in Table 1. As indicated by the table, the services of health care services show unidirectional causality running from VD to CP in ABMS and ICMI corporations. Also, between VD and CP in CICO Corporation, there is no directional causality. Apart from that, the educational services indicate no directional causality between VD and CP in ITSC, ZEIC and AIEI corporation. Additionally, the services of Hotels and Tourism indicate a unidirectional causality running from

VD to CP in JPTD Corporation.

Conversely, a Bi-unidirectional causality is found running from CP to VD in MDTR Corporation, while between VD and CP in MALL, JOHT, AIHO, TAJM and ZARA Corporation, no directional causality is found. Then, for the services of transportation a unidirectional causality running from VD to CP in SHIP and SITT corporations is detected. Meanwhile, VD and CP in JETT, ALFA and TRTR corporations indicate no directional causality.

As for the Media services, the outcome indicates a unidirectional causality running from VD to CP in JOPP corporations whereas for the services of Utilities and Energy, the outcome demonstrates that a unidirectional causality is present, running from VD to CP in NAPT and JOPT Corporation. On the other hand, there is no directional causality found between VD and CP in IREL corporations, and the same outcome is also found between VD and CP in SPTI, JDFS, JITC and ABLA corporations in the services of commercial.

Table 1. Granger causality tests for services sector corporations

Symbol	Causality Directions	F-Statistic	Prob.	Decision
HealthCare				
ABMS	VD → CP	144.875	0.0528	Uni- directional.
CICO	VD — CP	0.00098	0.9801	No directional causality.
		2.55460	0.3559	
ICMI	VD → CP	74.5931	0.0734	Uni- directional.
Educational				
ITSC	VD — CP	20.9836	0.1368	No directional causality.
		1.83811	0.4046	
ZEIC	VD — CP	0.12177	0.7863	No directional causality.
		2.18806	0.3784	
AIEI	VD — CP	0.19692	0.7341	No directional causality.
		4.83889	0.2716	
Hotels and Tourism				
MALL	VD — CP	4.37689	0.2839	No directional causality.
		0.38557	0.6462	
JPTD	VD → CP	41.7235	0.0978	Uni- directional.
JOHT	VD — CP	0.88644	0.5192	No directional causality.
		25.3617	0.1248	
AIHO	VD — CP	0.06523	0.8408	No directional causality.
		0.24349	0.7082	
TAJM	VD — CP	0.00356	0.9621	No directional causality.
		0.73880	0.5480	
MDTR	VD ↔ CP	45.3523	0.0938	Bi-directional.
		1758.62	0.0152	
ZARA	VD — CP	5.58841	0.2548	No directional causality.
		5.34715	0.2598	
Transportation				
JETT	VD — CP	10.7454	0.1885	No directional causality.
		0.05930	0.8479	
ALFA	VD — CP	0.41131	0.6370	No directional causality.
		0.03039	0.8901	
SHIP	VD → CP	124.179	0.0570	Uni- directional.
SITT	VD → CP	39.8434	0.1000	Uni- directional.
TRTR	VD — CP	1.53519	0.4323	No directional causality.
		2.60473	0.3531	
Media				
JOPP	VD → CP	675.314	0.0245	Uni- directional
Utilities and Energy				
NAPT	VD → CP	42.5756	0.0968	Uni- directional.
IREL	VD — CP	8.79381	0.2071	No directional causality.
		0.12655	0.7824	

JOPT	VD → CP	118.509	0.0583	Uni- directional.
Commercial				
SPTI	VD — CP	0.01429	0.9243	No directional causality.
		0.00257	0.9677	
JDFS	VD — CP	3.67115	0.3062	No directional causality.
		14.3038	0.1646	
JITC	VD — CP	5.31985	0.2604	No directional causality.
		0.00177	0.9732	
ABLA	VD — CP	2.68762	0.3487	No directional causality.
		0.01663	0.9184	

Note. (1) → represents the unidirectional causality. (2) — shows no directional causality. (3) ↔ represents the bidirectional causality.

Source: output of Eviews 7.1 econometric software.

The outcomes of the Granger causality tests for the companies in industries sector are highlighted in Table 2. From the table, it can be seen that for the Pharmaceutical and Medical Industries, no directional causality between VD and CP in MPHA, DADI and APHC Corporation can be detected, and the similar outcome is also found between VD and CP in INOH, ICAG, JOIC, INMJ, NATC and JOIR Corporation. Meanwhile, a unidirectional causality is found in Paper and Cardboard Industries, running from VD to CP in PERL Corporation, while no directional causality is detected between VD and CP in APCT and APCT Corporation.

Further, a unidirectional causality is detected, running from VD to CP in UADI corporations in Packaging industries, while no directional causality is found between VD and CP in EKPC corporations. As for the Food and Beverages industries, the outcome indicates that a unidirectional causality exists, running from VD to CP in JVOL corporations. However, no directional causality is detected between VD and CP in NATP, NDRA, AMAN and JODA corporations. Then, with regard to the Tobacco and Cigarettes industry, a unidirectional causality is detected running from VD to CP in ELCO Corporation. On the other hand, no directional causality is found between VD and CP in UTOB corporations.

With respect to the Mining and Extraction Industries the outcome indicates the presence of a unidirectional causality running from VD to CP in JOST, NATA, INTI, APOT, and JOWL corporations. However, no directional causality is detected between VD and CP in SLCA, AALU, NAST, JOPH and JOCM corporations. As for the Engineering and Constructing, the result indicates a unidirectional causality running from VD to CP in AJFM Corporation. On the other hand, no directional causality is detected between VD and CP in RMCC, IENG, JOPI and WOOD corporations. Then, for the Electrical Industries, a unidirectional causality is found running from VD to CP in WIRE Corporation. However, no directional causality is found between VD and CP in JNCC, MECE and AEIN corporations.

In terms of the Textiles, Leathers and Clothing industries, the outcome indicates a unidirectional causality running from VD to CP in ELZA Corporation. However, no directional causality is found between VD and CP in CELG, JOWM and WOOL corporations. Finally, the Glass and Ceramic industries show no directional causality between VD and CP in ICER corporations. However, a unidirectional causality is detected from VD to CP in JOCF Corporation.

Table 2. Granger causality tests for industries sector corporations

Symbol	Causality Directions	F-Statistic	Prob.	Decision
Pharmaceutical and Medical Industries				
MPHA	VD — CP	2.87975	0.3390	No directional causality.
		0.27724	0.6915	
DADI	VD — CP	0.31225	0.6756	No directional causality.
		1.79010	0.4086	
APHC	VD — CP	0.93727	0.5103	No directional causality.
		0.89099	0.5184	
Chemical Industries				
INOH	VD — CP	0.13589	0.7752	No directional causality.
		9.58576	0.1989	
ICAG	VD — CP	0.15655	0.7601	No directional causality.
		2.49359	0.3594	

JOIC	VD — CP	0.40061 8.36359	0.6408 0.2119	No directional causality.
INMJ	VD — CP	33.2435 1.87218	0.1093 0.4018	No directional causality.
NATC	VD — CP	0.36226 0.55633	0.6551 0.5920	No directional causality.
JOIR	VD — CP	0.60693 0.36994	0.5787 0.6521	No directional causality.
Paper and Cardboard Industries				
PERL	VD → CP	2225.64	0.0135	Uni-directional.
APCT	VD — CP	0.74256 0.42313	0.5472 0.6329	No directional causality.
JOPC	VD — CP	3.30760 0.27150	0.3200 0.6942	No directional causality.
Printing and Packaging				
EKPC	VD — CP	0.29265 0.00036	0.6843 0.9880	No directional causality.
UADI	VD → CP	554.962	0.0270	Uni-directional
Food and Beverages				
NATP	VD — CP	0.00295 32.7471	0.9654 0.1101	No directional causality.
NDRA	VD — CP	0.90199 6.99964	0.5164 0.2301	No directional causality.
AMAN	VD — CP	1.13215 13.3098	0.4803 0.1703	No directional causality.
JVOL	VD → CP	116.155	0.0589	Uni-directional
JODA	VD — CP	8.00230 11.3298	0.2163 0.1838	No directional causality.
Tobacco and Cigarettes				
UTOB	VD — CP	0.28240 1.60705	0.6890 0.4252	No directional causality.
ELCO	VD → CP	79.1542	0.0713	Uni-directional
Mining and Extraction Industries				
JOST	VD → CP	99.9138	0.0635	Uni-directional
NATA	VD → CP	204.997	0.0444	Uni-directional
INTI	VD → CP	78.0013	0.0718	Uni-directional
SLCA	VD — CP	0.84420 6.20538	0.5269 0.2430	No directional causality.
AALU	VD — CP	0.30117 1.13243	0.6805 0.4802	No directional causality.
NAST	VD — CP	4.89596 1.59553	0.2702 0.4263	No directional causality.
JOPH	VD — CP	4.59103 1.75893	0.2780 0.4113	No directional causality.
JOCM	VD — CP	0.04542 0.00465	0.8663 0.9566	No directional causality.
APOT	VD → CP	563.139	0.0268	Uni-directional
JOWL	VD → CP	94.1339	0.0654	Uni-directional
Engineering and Construction				
RMCC	VD — CP	2.97011 6.78584	0.3347 0.2333	No directional causality.
IENG	VD — CP	0.74939 0.64199	0.5458 0.5700	No directional causality.
JOPI	VD — CP	0.84317 0.49222	0.5271 0.6105	No directional causality.
AJFM	VD → CP	63.9264	0.0792	Uni-directional
WOOD	VD — CP	7.16460 0.72064	0.2276 0.5519	No directional causality.
Electrical Industries				
JNCC	VD — CP	0.10263 38.9569	0.8026 0.1011	No directional causality.

AEIN	VD — CP	1.41285	0.4453	No directional causality.
		2.83000	0.3414	
MECE	VD — CP	0.39304	0.6435	No directional causality.
		0.78827	0.5378	
WIRE	VD → CP	43.4586	0.0958	Uni-directional
Textiles, Leathers and Clothing's				
ELZA	VD → CP	6389.79	0.0080	Uni-directional.
CELG	VD — CP	0.83084	0.5295	No directional causality.
		0.42789	0.6312	
JOWM	VD — CP	1.72826	0.4140	No directional causality.
		0.28333	0.6886	
WOOL	VD — CP	23.0131	0.1308	No directional causality.
		9.99247	0.1951	
Glass and Ceramic Industries				
ICER	VD — CP	0.85058	0.5257	No directional causality.
		0.22057	0.7205	
JOCF	VD → CP	1162.51	0.0187	Uni-directional

Note. (1) → represents the unidirectional causality. (2) — shows no directional causality. (3) ↔ represents the bidirectional causality.

Source: output of Eviews 7.1 econometric software.

Shown by Table 3, are the outcomes of Granger causality for services and industries companies. As indicated by the table, a unidirectional causality exists, running from VD to CP in the ASE listed companies in Jordan. Thus, it can be said that an increase in the voluntary disclosure in the half-yearly reports published by the ASE listed companies in Jordan may cause the corporate performance for these companies to also increase (Mitton, 2002; Chang, Cho, & Shin, 2007).

Table 3. Granger causality tests for services and industries corporations

Causality Directions	F-Statistic	Prob.	Decision
VD → CP	3.13423	0.0775	Uni-directional

Note. → represents the unidirectional causality.

Source: output of Eviews 7.1 econometric software.

The outcomes of the Granger causality tests for the companies in the services and industries sector are presented in Table 4. As shown by the table, 21 companies show unidirectional causality, while 50 companies indicate no directional causality whereas bidirectional causality is demonstrated by one company.

Table 4. Summary of granger causality tests for services and industries sector corporations

Causality Directions	Services Sector Corporations	for industries sector corporations	All corporations
Uni-directional	8	13	21
Bi-directional	1	0	1
No directional	17	33	50
Total of corporation	26	46	72

Also presented in Table 4 are the relationships that exist between the variables where voluntary disclosure leads to corporate performance (VD→CP). In other words, increase in the voluntary disclosure may cause corporate performance to increase in the half-yearly reports of the ASE listed companies in Jordan. Further, the quality of voluntary disclosure is argued to have great correlation with the performance of the company (Mitton, 2002). As such, high level of transparency and quality of disclosure should lead to good governance and enhanced company performance. However, Chang, Cho, and Shin (2007) argued that voluntary disclosure intensifies the difficulty faced by the market in foretelling the performance of the company.

Aside from that, bi-directional causality is also detected between voluntary disclosure and corporate performance (VD↔CP). Simply put, increase in the voluntary disclosure may cause corporate performance to also increase

(Mitton, 2002; Chang, Cho, & Shin, 2007). On the other hand, increase in corporate performance may cause voluntary disclosure to increase (Camfferman & Cooke, 2002; Chau & Gray, 2002; Haniffa & Cook, 2002; Kusumawati, 2006; Adelopo, 2011). Aside from that, voluntary disclosure and corporate performance appear to have no directional causality between them (VD—CP).

The non-directional causality that exists between voluntary disclosure and corporate performance (VD—CP) may be clarified by a number of reasons. First of all, Jordan had suffered from the global financial crisis and this has affected the country's economic and corporate performance. Recalling the signaling theory discussed earlier, companies with high level of corporate performance always attempt to differentiate themselves (from other companies) via internal information disclosure as a signal of their performance. Based on this notion, it can also be said that companies with low corporate performance will not disclose more information due to their low level corporate performance (Roos, Dragonetti, & Edvinsson, 1997).

Aside from that, Jordan has to import oil and Gas from the neighbouring markets due to its limited resources. Then, as indicated by Addustour (2011), the increasing cost of energy prices for the companies has caused the cost and pricing to increase. Due to this, companies in Jordan will not disclose more information to reduce cost as voluntary disclosure is costly, such as the cost of collecting and processing information (Healy & Palepu, 1993; Eccles & Mavrinac, 1995). In addition to that, the ASE listed companies in Jordan are likely to avoid disclosing information that will cause harm to their competitive position (Newman & Sansing, 1993). In fact, as reported by Addustour (2011), the major obstacle faced by the companies in Jordan is linked to unfair competition. In relation to this, the JSC had executed 365 enforcement actions in 2004 for mostly lack of proper disclosure among companies (Rosc, 2005).

4. Conclusion and Recommendations

The issue of information disclosure, particularly with respect to the improvement and development of voluntary disclosure for the enhancement of corporate performance, is among the major issues facing the policymakers today. Meanwhile, users value the merit of interim financial reports when they are making investment decisions. As such, feedback Granger Causality does exist between voluntary disclosure and corporate performance among the listed companies in Jordan.

The researcher hopes that this study will become the catalyst for more future interim financial reporting studies in Jordan and in other nations in which the knowledge of interim financial reporting is still underdeveloped. Aside from that, it is also hoped that this study will create opportunities and platform for a more comprehensive research in this domain.

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Appendix A. Voluntary Disclosure Index Checklist

NO	Category
<u>Strategic Information</u>	
General corporate information	
1.	Brief history of the company.
2.	Address, telephone, fax.
3.	Description of organizational structure.
4.	General description of business/activities.
5.	The currency used for the preparation of financial statements.
Corporate strategy	
6.	Statement of corporate strategy and objectives- general
7.	Statement of corporate strategy and objectives- financial
8.	Statement of corporate strategy and objectives- marketing
9.	Statement of corporate strategy and objectives- social
10.	Impact of strategy on current results
11.	Impact of strategy on future results
Research and development	
12.	corporate policy on research and development
13.	Information about staff training and development
Future prospects	
14.	Qualitative forecasts of sales (revenues)

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15. Quantitative forecasts of sales (revenues)
 16. Qualitative forecasts of profits
 17. Quantitative forecasts of profits
 18. Qualitative forecast of cash flow
 19. Quantitative forecast of cash flow
 20. Forecast earnings per share
 21. Discussion of competitive position of the company

NONFINANCIAL INFORMATION

Information about board of directors

22. Age of the directors
23. Educational qualifications (academic and professional)
24. Commercial experience of the executive directors
25. Commercial experiences of the non-executive directors
26. Shareholdings in the company
27. Number of shares owned by management
28. Number of shares owned by directors
29. Directors' remuneration

Social responsibility

30. Number of employees
31. Categories of employees by gender
32. Categories of employees by function
33. Identification of senior management and their functions
34. Names and salaries of senior management

Social policy

35. Charitable donations (amount)
36. Sponsoring public health, sporting and recreational projects
37. Sponsoring educational conferences, seminars or art exhibits
38. Funding scholarship programmers' or activities

FINANCIAL INFORMATION

Performance indicators:

39. Historical figures for last years or more (or as long as companies formation)
40. Profit
41. Total assets

Financial ratios

42. Profitability ratios
43. Liquidity ratios
44. Leverage ratios
45. Growth rate on earnings
46. Return on capital employed
47. Return on shareholders' equity
48. Other ratios

Stock price information

-
49. Market capitalizations at half year-end
 50. Market capitalization trend
 51. Size of Shareholdings
 52. Type of shareholders (for example, institutions ,and individuals)
 53. Geographical distributions of shareholders

Foreign currency information:

54. Impact of foreign exchange fluctuations on Current results
 55. Foreign currency exposure management description
 56. Major exchange rates used in the accounts
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