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Abstract: This study examines the quality of voluntary disclosure on the opinion of the independent auditors of listed companies in Tehran Stock Exchange. In line with this goal, all the listed companies in Tehran Stock Exchange that had provided the financial statements (balance sheet, loss and profit statement) and the required information in the years 2006 to 2011 were studied. A total of 123 companies from various industries were selected. To test the hypotheses, multiple variables regression (Inter method) was used and their statistical significance took place using t and F statistics. Also, in order to test the model autocorrelation Durbin-Watson test was employed. Research results show that there is no significant relationship between the quality of voluntary disclosure and accounting firm type, and the independent auditors' acceptable opinion presentation. But there is a significant relationship between firm size and Board of directors' independence.

Keywords: Voluntary disclosure, Independent auditors' acceptable opinion, Firm size, Board of directors' independence, Accounting firm type

INTRODUCTION
Disclosure of accounting information that traditionally has been considered by researchers as one of the most important issues is the ultimate outcome of an accounting system. The ultimate goal of the accounting system is to provide information to stakeholders in the form of inter-organizational and intra-organizational reports. An accounting system in the dominant environment of the company gathers, identifies, measures, records, classifies, aggregates, and summarizes information related to transactions, financial performance and events that have financial effect, and ultimately presents it to interested parties as financial reports. As a result these reports influences on a variety of factors. On the other hand, crediting the provided information indicated the need to the audit.
Therefore we expect that the increased level of voluntary disclosure of information by companies affect auditors' opinion.

**A REVIEW ON RESEARCH LITERATURE**

By increasing the quality of accounting information, the likelihood of fraud, distortion and other abuses in the financial statements of these kinds of companies is minimized and presentation of acceptable opinion by independent auditors seems reasonable and logical. Audit privacy led to an increase in auditor change among the companies of the study. In addition with the increase in auditor change, qualified opinion in audit reduces and instead, acceptable opinion increases. This suggests that audit privacy, reduces auditor independence and causes the opinion selection phenomenon rise, especially after the organization of the formal accountant's community.

Bani Mahd in a study entitled affecting factors on the acceptable opinion of auditor, examined some affecting factors on the issuing of acceptable audit report within a period of 7 years from 2001 to 2007 in 56 companies listed in Tehran Stock Exchange examined. The research method was correlational type and was conducted using logistic regression. Research findings indicate that issuing acceptable audit report is more influenced by factors such as manager's performance, the change of ownership, audit privacy, opinion selection, variation of auditor from a private audit institution to another private audit institution, and the size of the firm which is under investigation of auditor of the company. Among the above variables, all variables other than the size of the firm which is under investigation of auditor are directly related to the probability of issuing acceptable audit report.

Wang et al. examined the factors influencing voluntary disclosure of information in the annual reports of companies in China. The results of this study showed that there is a significant relationship between the ownership status, foreign ownership, the company's performance, rules related to the auditor selection and the level of voluntary disclosure.

Ghasim Osmani and Abbasi studied the relationship between the cost of capital and the level of financial information disclosure of 87 companies listed in Tehran Stock Exchange. The sample was 87 companies listed in Tehran Stock Exchange. The results showed that there is no significant relationship between the level of information disclosure and cost of capital (cost of equity, cost of debt).

Arabmazar and Arzitoon investigated the relationship between financial structure characteristics and corporate performance, and the level of information disclosure in the financial statements of the companies. With a sample of 50 companies listed in Tehran Stock Exchange, they came to the conclusion that:

There is a significant relationship between financial structure characteristics and adequate disclosure in the financial statements.

There is a significant relationship between corporate performance and adequate disclosure in the financial statements.
MATERIALS AND METHODS

The research is a correlational research. Correlational research is applied when the researcher has two or more different kinds of information (in the form of independent variables) related to a group of two or more groups and the research goal is to study the variations rate of two or more factors because of the variations in one or more other factors. Regression analysis is a kind of correlational research that will be used in this research. On the other hand, as this research seeks to achieve a scientific goal and presents useful information about the extant facts, it is an applied research in terms of the nature.

The study is cross sectional because it examines data related to a period of time (from 2006 until 2011).

To determine the research sample, companies with the following characteristics are considered:
1. Their fiscal year is ended at March of each year.
2. The company has no fiscal year change from 2006 to 2011.
3. Company is not in financial intermediaries (Banks, investments and...).
4. Their financial reports are available.

In order to answer the research questions and based on the available theoretical background, the following hypotheses were formulated:

Research hypothesis:
1. Through increasing the quality of voluntary disclosure, presentation of acceptable opinion can be predicted by independent auditors.
2. Through increasing the firm size and Board of directors’ independence, presentation of acceptable opinion can be predicted by independent auditors.

The research model:

Logistic regression was used to measure the forecasting rate of the independent auditors' acceptable opinion presentation regard to the quality of voluntary disclosure of the companies, and other affecting factors on the audit quality. Regard to the method of performing and analyzing the study it can be said that in cases where the use of assumptions is not continuous and normality of explanatory variables is not possible, and the response variable is binary (dummy that has 2 modes) the logit model is used. This model is established according to the following equation:

\[ \log\left( \frac{P}{1-P} \right) = \alpha_0 + \alpha_1 X_1 + \ldots + \alpha_n X_n + \alpha X \]

In which:
- \( X_1 = \) voluntary disclosure of the companies
- \( X_2 = \) the type of audit firm (Score 1 for the Audit organization and zero for the other)
X3 = Firm size
X4 = the Board Independence
P = Score 1 for companies that the independent auditors have presented acceptable opinion and zero for the other.

Where Xi, i = 1,.., n explanatory variables, and P is the probability of the desired event occurrence. The goal of this model is to obtain X coefficients which is calculated through likelihood approach (LIKELIHOOD MAXIMUM). It should be mentioned that P value is estimated based on sampling from the given population and by calculating the ratio of the desired mode (or undesired mode) to the total number of sample. By determining the related coefficients an equation can be obtained based on which the probability of the desired event occurrence can be calculated. However, if we consider the equation in which α is coefficients row matrix and x is column matrix of the explanatory variables, we have:

\[
\log \left( \frac{p}{1-p} \right) = \alpha_0 + \alpha_1 x_1 + ... + \alpha_n x_n = \alpha' X
\]

\[
e^{\alpha' X} = \frac{p}{1-p}
\]

\[
\Rightarrow p = \frac{e^{\alpha' X}}{1 + e^{\alpha' X}} = \frac{1}{1 + e^{\alpha' X}}
\]

Thus, having related coefficients (which are estimated as sample) a model is obtained by which the probability of the event occurrence can be calculated for each individual of the given sample.

The equation \( p = \frac{e^{\alpha' x}}{1 + e^{\alpha' x}} \) is called the logistic distribution function.

**Dependent variable:**

**Opinion:** Opinion is the report of the independent auditors in which the accepted responsibility by the independent auditors toward the financial statements is expressed (Auditing Principles of Accounting and Auditing Research Centre).

**Acceptable opinion:** Acceptable opinion means that the audit domain has been adequate, and it desirably shows financial statements as well as the results of operations in accordance with Generally Accepted Accounting Principles. Auditors in such circumstances do not accept any criticize, or any conditions (Auditing Principles of Auditing and Accounting Research Centre).

**Independent variables:**

**Voluntary disclosure quality:** quality of voluntary disclosure is the reliabilities and timely of the information which will be helpful for decision making by users of this information and if the disclosure of information is not affected by specific rules and is conducted by the company voluntarily it is considered as voluntary disclosure.

**Independence of the Board:**
A Study on the Effect of Voluntary Disclosure Quality on Independent ...

Non-responsible members of the Board are those members who are not executive directors of the company and are professional managers with expertise in the decision control. In this study, to assess the independence of the Board of Directors, the ratio of the number of the Board non-responsible members to the total number of the Board is used.

**Type of auditor:**

In this study, audit organization is selected as the great audit, and other audit firms are selected as small audit. Regard to the criterion of the audit firm size, it is assumed that audit organization has higher quality than other audit firms. Therefore, if the audit organization is the sample auditor of the company, the value of 1 and otherwise 0 is given.

**Firm size:** natural logarithm of total assets (firm size) which is measured using the natural logarithm of total assets.

**RESULTS**

The information of this section introduces features of the study variables among the sample firms. Descriptive statistics of the variables are shown in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Symbol</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Disclosure Concession</td>
<td>SDISCLOSE</td>
<td>.25</td>
<td>.76</td>
<td>.2082</td>
<td>.2713</td>
<td>.074</td>
</tr>
<tr>
<td>Independence of the Board</td>
<td>Esteghlal</td>
<td>.00</td>
<td>1.00</td>
<td>.2768</td>
<td>.1982</td>
<td>.039</td>
</tr>
<tr>
<td>Firm size</td>
<td>LnAsset</td>
<td>4.25</td>
<td>7.66</td>
<td>5.5477</td>
<td>.5463</td>
<td>.298</td>
</tr>
<tr>
<td>Auditor's Opinion</td>
<td>Opinon</td>
<td>.00</td>
<td>1.00</td>
<td>.782</td>
<td>.5004</td>
<td>.250</td>
</tr>
<tr>
<td>Type of audit organization</td>
<td>AuditOrg</td>
<td>.00</td>
<td>1.00</td>
<td>.2634</td>
<td>.4408</td>
<td>.194</td>
</tr>
</tbody>
</table>

In Table 1 it can be seen that the voluntary disclosure mean of companies is 0.20 that represents the fact that on the average companies have disclosed 20 % of the indexes and the companies’ disclosure voluntary concession is between the minimum 0.20 and 0.76 and the standard deviation is 0.27. Comparing the results with the previous study shows that the dispersion rate of voluntary disclosure of companies has a relatively favorable status. In this study the logarithm of the market value of assets is employed for the firm size which has the mean of 5.54 and the maximum value of this variable is 7.66 and the minimum value of it is 4.25. Regard to the researches conducted in Iran, the sample companies of this investigations are pretty average sized.

Regard to the variable which is used to measure the audited companies by the audit organization, and also considering the fact that it is a dummy variable with only two values of 1 and zero, it can be seen that it has the mean value of 0.26. The maximum value of this variable is 1 and its minimum value is zero. This means that almost 26 percent of the sample companies are audited by the audit organization. The variable of independent auditors’ acceptable opinion that is a dummy variable with only two values of 1 and zero, and when company gets
acceptable opinion, the value is 1 and otherwise it is zero, has the average of 0.78. That is to say on average 78% of the sample firms during the study period have received acceptable opinion. The descriptive statistics for the other variables are given in Table 1.

The examination of the model determination coefficients

As Table 2 shows determination coefficients of Pseudo $R^2$ consisting of the determination coefficients of the Cox and Snell and determination coefficient of Nagelkerke, is between 0.22 and 0.30, which represents the explanatory power of acceptable opinion presentation by the independent variables of the model between 22 percent and 30 percent.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Likelihood Statistics</th>
<th>Determination coefficients of Cox and Snell</th>
<th>Determination coefficient of Nagelkerke</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>695.632</td>
<td>0.225</td>
<td>0.300</td>
</tr>
</tbody>
</table>

The examination of the model independent variables effect on the model dependent variable

Wald test parameters in Table 3 are shown. It is observed that among the four independent variables of the model, two variables of the model have significant influence on the dependent variable, and the other two variables have no significant impact. These calculated results are obtained based on calculated error level for the Wald test. In bilateral logistic regression analysis, the criterion for acceptance or rejection of significance of independent variables effect is the standard error of 0.10. In this model the independent variables of voluntary disclosure and type of auditing institution that have error level greater than 0.10, have no significant impact on the dependent variable. Since, their significance is respectively 0.115 and 0.569, which is more than 10 percent. The impact of firm size variable and independence of the Board variable in this study, given the significance of less than 0.10 on the dependent variable of the research, i.e. acceptable opinion presentation is significant, because their significance is respectively equal to 0.011 and zero, which is less than 10%. This means that regard to the variables of voluntary disclosure and type of auditing institution, the prediction of independent auditors’ opinion type is not possible. However, according to the results of this study, using the variables of firm size and the Board independence, the independent auditors’ opinion type can be predicted.
A Study on the Effect of Voluntary Disclosure Quality on Independent ...

### Table 3. Test of the model independent variables effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Symbol</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>Wald Statistics</th>
<th>Freedom Degree</th>
<th>Significance</th>
<th>Prediction Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1 Voluntary Disclosure</td>
<td>SDISCLOSE</td>
<td>.631</td>
<td>.400</td>
<td>2.487</td>
<td>1</td>
<td>.115</td>
<td>1.879</td>
</tr>
<tr>
<td>Firm size</td>
<td>LnAsset</td>
<td>-.449</td>
<td>.176</td>
<td>6.484</td>
<td>1</td>
<td>.011</td>
<td>.638</td>
</tr>
<tr>
<td>Type of audit organization</td>
<td>AuditOrg</td>
<td>.122</td>
<td>.214</td>
<td>.324</td>
<td>1</td>
<td>.569</td>
<td>1.130</td>
</tr>
<tr>
<td>Independence of the Board</td>
<td>Esteghal</td>
<td>5.840</td>
<td>.544</td>
<td>115.03</td>
<td>1</td>
<td>.000</td>
<td>343.638</td>
</tr>
<tr>
<td>FixedCoefficient</td>
<td>Constant</td>
<td>.707</td>
<td>.970</td>
<td>.532</td>
<td>1</td>
<td>.466</td>
<td>2.028</td>
</tr>
</tbody>
</table>

### Model Power

Power model is the observed ratio in the dependent variable classes the classes (acceptable opinion presentation) to the expected responds in the same classes as shown in Table 4. The table by agreement shows the classification accuracy of the model. The percentage of the prediction accuracy and model classification is as follows: 75 cases of qualified opinion presentations are in the acceptable opinion presentation class. And 134 cases of acceptable opinion presentations are in the qualified opinion presentations. Generally, 56.6% of qualified opinion presentations and 78.5% of acceptable opinion presentations are classified correctly. Therefore, the overall accuracy of the model is 59.5 percent.

### Table 4. The classification results of the observed and predicted status of dependent variable

<table>
<thead>
<tr>
<th>Observed</th>
<th>Predicted</th>
<th>Accuracy Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualified</td>
<td>174</td>
<td>134</td>
</tr>
<tr>
<td>Accepted</td>
<td>75</td>
<td>272</td>
</tr>
<tr>
<td>Total Percentage</td>
<td>59.5</td>
<td></td>
</tr>
<tr>
<td>a. The cut value is .500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### DISCUSSION

The results of hypothesis testing using data related to the companies which are in Tehran Stock Exchange during the years 2006 to 2011 show that: The research results indicate that the first hypothesis is rejected here and the second hypothesis is accepted. Because among the four independent variables test of the model, two variables of the model have a significant influence on the dependent variable, and the other two variables have no effect. These calculated results are obtained based on the calculated error level for Wald test.

In bilateral logistic regression analysis, the criterion for acceptance or rejection of significance of independent variables effect is the standard error of 0.10. In this model the independent variables of voluntary disclosure and type of auditing institution that have error level greater than 0.10, have no significant
impact on the dependent variable. Since, their significance is respectively 0.115 and 0.569, which is more than 10 percent.

The rejection of the first hypothesis is inconsistent with the findings of former studies. Contrary to our expectations it is based on theoretical principles presented in the previous sections. Similar studies in this field have not been carried out to compare their results.

**Recommendations based on the results of the research hypotheses**

According to the results of the hypothesis that there is no significant relationship between the quality of voluntary disclosure, and acceptable opinion by the auditors, and there is a significant relationship between firm size and Board independence and the auditors' opinion, the two independent variables of voluntary disclosure and type of auditing institution have no significant impact on the dependent variable. And based on these two variables, type of auditors' opinion cannot be predicted. Also, the impact of firm size variable and independence of the Board variable on the dependent variable, i.e. acceptable opinion presentation is significant.

So it is suggested that, regard to the results of hypotheses tests, the size of two independent variables affecting the dependent variable, namely the independence of the Board and the firm size, based on the sample tested in the present research, should be considered larger, and be used more to relying on these two affective variables, a more favorable opinion presentation by independent auditors be more probable.

According to theoretical foundation and empirical researches carried out in the capital markets and great securities exchange and by increasing the quality of accounting information, the likelihood of fraud, distortion and other abuses in the financial statements of these kinds of companies is minimized and presentation of acceptable opinion by independent auditors seems reasonable and logical. In addition, companies in order to satisfy shareholders, investors and creditors, require reliable audited financial statements. The higher is disclosure quality, the more reliable will be financial statements and more acceptable seem auditors' reports. This is a great privilege for the companies listed in Stock Exchange.

According to the conducted studies in this research and based on the obtained results, it is recommended that the Stock Exchange Board reports to the General Assembly, which consists of a series of information that consumers require, to the company. This can help increase the level of voluntary disclosure of the companies.

**REFERENCES**

A Study on the Effect of Voluntary Disclosure Quality on Independent ...


