Perceived Status of CFR Practices Among Investors and Managerial Employees

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Abstract

Corporate financial reporting is of great significance to accomplish financial accounting objectives as well as to contribute to the efficient allocation of resources through healthy economic decisions. The disclosure of accounting practices have developed in accordance with the changing economic, political, technological, and social environments to fulfil the objectives of financial reporting. There are two major types of corporate disclosures : (a) mandatory disclosure and (b) voluntary disclosure. Reporting mandatory disclosure is compulsory as per laws and regulations, and disclosure which is not compulsory, but recommended to be disclosed with mandatory reports, is said to be voluntary. In the present study, a total of 435 investors and 150 managerial employees were selected as the sample size for the study. Simple random sampling technique was used for investors, and judgmental sampling technique was used for managerial persons. The statistical tools used for the analysis were univariate one-way ANOVA and multivariate discriminant analysis. Univariate ANOVA was used to identify the significance of the differences in the levels of perception between the two groups. This test was preferred over *t* - test (as there were two respondent groups) as test of equality of group means is a pre-requisite for running discriminant analysis. The discriminant analysis was used to identify the variables that were important in group separation. It was concluded that CFR was important for investors, and disclosure status of most of the mandatory and voluntary items in corporate annual reports was good, but with significant differences in such opinion levels between the two groups, which may be attributed to inconsistency in the disclosures.

Keywords: **corporate accounting disclosure, mandatory disclosure, voluntary disclosure, corporate annual reports**

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Voluntary disclosure is a disclosure of information beyond the minimum requirements of the applicable capital market regulations. Companies have the discretion to make voluntary disclosures in the annual reports that give rise to diversity or variety of inter-company voluntary disclosure. All public companies are required to meet the minimum disclosures ; they differ substantially in terms of the amount of additional information that is disclosed to the capital markets. One way to improve the credibility of a company is through voluntary disclosure, which assists investors in understanding the business of strategy management (Gunawan & Lina, 2015).

Commerford, Hatfield, and Houston (2018) observed that accruals-based earnings management (AEM) is decreasing, while real earnings management (REM) is increasing, suggesting that the correlation is due to regulatory scrutiny. However, based on the correspondent inference theory, the authors predicted and found that,

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when a management used REM, auditors were more restrictive of the management's subjective estimates, making it more difficult for the management to use income-increasing AEM. Using a serial mediation model, the authors found that when auditors observed REM, they perceived these operating decisions as aggressive, leading them to perceive management as aggressive, ultimately causing greater proposed adjustments on an unrelated audit difference. The study contributed to the literature by demonstrating that when auditors observed REM, their altered perceptions about management could cascade, affecting how they responded to management estimates in unrelated financial statement accounts.

Need for the Study

The divorce between ownership and management of corporate sector enterprises, the increasing complexities and size of organizations, the growing awareness of the public and its keen interest in the affairs of companies, the changing socioeconomic and political environment in the country, and the greater emphasis on rational decision making have enhanced the need for corporate financial reporting practices in the annual reports of the companies. Potential investors need financial information for making sound economic decisions. Corporate financial reporting practices also benefit the managerial persons of the organizations as they are able to assess the risk and growth potential of the organizations. The basic need for corporate financial reporting practices is to provide information relevant for making investment decisions and for exercising control over the management.

Structure of an Annual Report

Normally, the structure of a company's annual report takes the following pattern and reports the information under the contents like : board of directors, chairman's review notice of meetings, reports of the directors' sources of application of funds, profit and loss reports, significant accounting policies, summary of results, particulars of employees, accounts of subsidiary companies, reports on corporate governance, shareholder information, cash flow statement, consolidated financial statement, highlights of previous year, shareholder reference, significant accounting policies, financial ratios, dividend statistics, management discussion and analysis, special focus areas, auditors & area financial statistics, and offices, auditors, and bankers. The reporting of other information like inflation accounting, human resource accounting, social accounting, cash flow information, value added statements, diagrammatical and graphical presentation of financial results etc. differ from company to company.

Research Gap

In the earlier studies, major components of mandatory and voluntary disclosures in corporate financial reporting practices of Indian companies and other components contributing to accounting disclosure practices, environmental disclosures, financial information, accounting standards to corporate financial reporting practices alone have been dealt with. There is no single study that has been conducted with primary data pertaining to investors' and managerial employees' perceived status of corporate financial reporting practices of Indian companies and comparing the status of disclosure of major components of mandatory and voluntary practices of corporate financial reporting. Hence, the present study has been undertaken to bridge this gap and ascertain the views of investors and managerial employees regarding financial reporting.

Objectives of the Study

(1) To analyze the discriminant functions differentiating investors and managerial employees with respect to perceived status of mandatory disclosure of corporate annual reports.

(2) To analyze the discriminant functions differentiating investors and managerial employees with respect to perceived status of voluntary disclosure of corporate annual reports.

(3) To identify the significance of the differences in the level of perception between investors and managerial employees.

(4) To analyze the perceived level of satisfaction with various aspects of corporate annual report disclosure among investors and managerial employees.

Hypotheses of the Study

- **H01:** There is no significant difference in the levels of perception about the mandatory disclosure items in CFR between investors and managerial employees.
- **H02:** There is no significant difference in the levels of perception about voluntary disclosure items in CFR between investors and managerial employees.
- **H03:** The perceived level of satisfaction from corporate annual reports is the same and does not differ between investors and managerial employees.

Research Methodology

(1) Sources of Data : The present study comprises of both primary and secondary data. The primary data were collected by conducting a questionnaire based survey among the population of corporate investors and managerial employees of corporates in Chennai. The secondary data consisted of information from various publications, annual reports, statutory books, standard text books, journals, magazines, seminar materials, published and unpublished reports, websites, and libraries pertaining to corporate financial reporting practices in India.

(2) Sample Size and Sampling Technique : The respondents for the survey from a population of corporate investors were selected by simple random sampling method. This sampling technique is a widely adopted technique when the size of the target population is quite large and unknown. As the sample was quite large and unknown, corporate investors' sample size for the present research work was determined based on following formula as referred to by Osisioma, Osisioma, and Chukwuemeka (2012) :

$$n = \frac{Z^2 \alpha/2}{4e^2}$$

where, n is sample size, Z is the standard value corresponding to 95% confidence level, and e is the proportion of sampling error in a given situation (allowance of error in sampling considered for the present study is 5%). Thus, using the formula, the sample size arrived was 384. So, the sample size of any number of respondents above 384 was quite acceptable. For this study, the total sample respondents are 435. To select the managerial employees for the survey, judgmental sampling technique was used. The total number of managerial employees for the survey was fixed at 150.

(3) Questionnaire : Two types of questionnaires were framed for the study. The first questionnaire pertained to investors' viewpoints on corporate financial reporting practices and the second questionnaire related to managerial employees' view points on corporate financial reporting practices. Both the questionnaires were used to elicit information on items measuring demographic factors, sources of corporate annual reports, reported information on accounting and finance, and statements measuring usefulness and level of satisfaction with the aspects of corporate financial reporting practices. The close ended questions were dichotomous and multiple choice in nature. The opinions about status of mandatory disclosure of CFR were measured using a 24 item scale with 5 - point Likert type values, and the opinions of voluntary disclosure of CFR were measured using a 32 item scale with 5 point Likert type values ranging from 1 for *not disclosed*, 2 for *poor*, 3 for *moderate*, 4 for *good*, and 5 for *very good*. It took nearly seven months to complete the survey. There was no single questionnaire that was found with insufficient information due to our physical presence and explanation given to the respondents about questionnaire items as and when there was a doubt. The study covered a period of 4 years from 2014 - 2017.

(4) Statistical Techniques : The statistical techniques used for analyzing the data vary from descriptive to multivariate. The details of the statistical tools are frequency distribution analysis, descriptive statistics like mean, standard deviation, one sample *t* - test, independent sample *t* - test, one-way ANOVA (also called as *f* - test), reliability / item analysis, principal component factor analysis, linear discriminant analysis, and canonical correlation analysis.

Analysis and Results

It is observed from the Table 1 that the majority of the respondents were in the age group of 36 to 45 years (38.9%), followed by the respondent group with the age level of 25 - 35 years (22.8%), and 45 - 55 years (22.3%). The respondents aged above 55 years constituted 16.1% (70 out of 435) of the total sample. The respondents who were educated upto the higher secondary school level comprised of the highest percentage (32.0%) of the total sample followed by graduates (31.0%) , post-graduates (23.4%), and professionally educated respondents being 13.6% of

Table 1. Personal Profile of Investors in the Sample

Socio-Economic Characteristics	Number of Respondents	% to Total
Sex		
Male	295	67.8
Female	140	32.2
Age (in Years)		
25 - 35	99	22.8
36 - 45	169	38.9
45 - 55	97	22.3
> 55	70	16.1
Education		
Higher Secondary School	139	32.0
Graduate	135	31.0
Post-Graduate	102	23.4
Professional Course	59	13.6

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Job Status		
Self-Employed	115	26.4
Government Employee	111	25.5
Private Employee	103	23.7
Professional	106	24.4
Monthly Income (in ₹)		
Up to ₹ 25000	126	29.0
₹ 25001- ₹ 50000	117	26.9
₹ 50001- ₹ 75000	103	23.7
> ₹ 75000	89	20.5
Total Sample	**435**	**100.0**

Table 2. Personal Profile of Managerial Employees (Respondents) in the Sample

Personal Profile	Number of Respondents	% to Total
Sex		
Male	96	64.0
Female	54	36.0
Age (in Years)		
Up to 30	37	24.7
31 - 40	41	27.3
41 - 50	42	28.0
Above 50	30	20.0
Education		
Degree	39	26.0
PG	54	36.0
Professional Degree	57	38.0
Job Status		
Accountant	41	27.3
Company Secretary	38	25.3
Company Executive	50	33.3
Supervisors & Others	21	14.0
Monthly Income (in ₹)		
Up to ₹ 50000	38	25.3
₹ 50001 - ₹ 60000	45	30.0
₹ 60001 - ₹ 70000	41	27.3
> ₹ 75000	26	17.3
Years of Work Experience		
1 - 3 years	31	20.7
4 - 6 years	56	37.3
7 - 9 years	37	24.7
Above 9 years	26	17.3
Total Sample	**150**	**100.0**

the total respondents. Being self-employed was the job status for 26.4% of the respondents. Next to this, government employees constituted 25.5% of the sample followed by 24.4% and 23.7 % of the sample respondents with job status as private employees and professionals, respectively. The monthly income was up to ₹ 25,000 for 29.0% of the respondents, ₹ 25,001- ₹ 50,000 for 26.9%, ₹ 50,001- ₹ 75,000 for 23.7%, and above ₹ 75,000 for 20.5% of the respondents in the sample.

From the Table 2, it can be observed that there were 150 managerial employees in the sample and out of this, 64.0% were men and the remaining 36.0% were women. For 28.0% of the respondents, the age varied between 41 - 50 years, while it is ranged from 31 - 40 years for 27.3%, up to 30 years for 24.7%, and above 50 years for 20.0% of the respondents. As much as 38.0% of the managerial employees in the sample were qualified with professional degrees. Next to this, the educational qualification was post-graduation for 36.0% and graduation for 26.0% of the total respondents. The job status was at executive level for one-third (33.3%) of the respondents followed by 27.3% as accountants, 25.3% as company secretaries, and 14.0% as supervisors & others. The monthly income for 30.0% of the respondents varied between ₹ 50,001 and ₹ 60,000 ; whereas, it ranged from ₹ 60,001 to ₹ 70,000 for 27.3%, up to ₹ 50,000 for 25.3%, and above ₹ 70,000 for 17.3% of the managerial employee respondents in the sample. The working experience of the respondents in their respective companies was 4-6 years for 37.3%, 7-9 years for 24.7%, 1-3 years for 20.7%, and above 9 years for 17.3%.

It can be inferred from the Table 3 that the importance of CAR in the discriminant function with Eigenvalue (discriminating ability of the function) of 0.0940 and canonical correlation of 0.2931 is significant at the 1% level (Wilks's lambda = 0.9368, chi-square = 37.71, $p < 0.01$). By squaring the canonical correlation of 0.2931 (0.2931^2 = 0.0859), it is understood that the discriminant function account is 8.59% of the variation between the two groups (investors and managerial employees). With respect to perceived status of mandatory disclosure of corporate annual reports, as shown in the Table 3, the discriminant function with Eigenvalue of 0.3946 and canonical correlation of 0.5319 is significant at the 1% level, indicating that the linear composite scores of all four mandatory disclosure components differ significantly between investor and managerial employee groups.

For perceived status of voluntary disclosure of corporate annual reports, the discriminant function with Eigenvalue of 0.3687 formed by six major components of voluntary disclosure items is significant (Wilks's lambda = 0.7306, chi-square = 182.18, $p < 0.01$) in differentiating the two respondent groups. By squaring the canonical correlation of 0.5190, it is understood that the discriminant function accounts for 26.94% of the variation in group differences.

With respect to perceived status of both mandatory & voluntary disclosure of corporate annual reports, it is understood from squared value of canonical correlation that 43.01% of the variation in group differences is explained by the discriminant function, that is, linear combination of both mandatory and voluntary components' disclosure level in corporate annual reports.

Table 3. Significance of the Discriminant Function Differentiating Investors and Managerial Employees by Perceived Status

Function	Eigen Value	Canonical *R*	Wilks's Lambda	Chi-Square	*df*	Level of Significance
Importance of CAR	0.0940	0.2931	0.9141	51.82	12	0.0000
Mandatory Disclosure of CAR	0.3946	0.5319	0.7171	193.23	4	0.0000
Voluntary Disclosure of CAR	0.3687	0.5190	0.7306	182.18**	5	0.0000
Both Mandatory & Voluntary Disclosure of CAR	0.7547	0.6558	0.5699	325.02	10	0.0000
Usefulness of CAR	0.0561	0.2304	0.9469	31.64**	6	0.0000
Various Aspects of CAR	0.1056	0.3090	0.9045	58.12	8	0.0000

Note : ** Significant at the 5% level.

Table 4. Group - Wise Mean Discriminant Function Score (Group Centroid) of Perceived Status

Particulars	Mean Value	
	Investors	Managerial Employees
Importance of Corporate Annual Reports	0.1797	-0.5211
Mandatory Disclosure of Corporate Annual Reports	-0.3682	1.0679
Voluntary Disclosure of Corporate Annual Reports	0.3559	-1.0322
Mandatory & Voluntary Disclosure of Corporate Annual Reports	0.5093	-1.4769
Usefulness of Corporate Annual Reports	0.1388	-0.4025
Variables Measuring Satisfaction	-0.1905	0.5524

For perceived usefulness of corporate annual reports, the discriminant function is fitted significantly (Wilks's lambda = 0.9469, chi-square = 31.64, $p < 0.01$) but with low discriminating power (Eigenvalue is 0.0561) and this function can explain just 5.31% of the variation (canonical correlation = 0.2304, when squared it is = 0.5308) in group differences.

For satisfaction with various aspects of corporate accounting disclosures, the discriminant function of satisfaction measurement aspects regarding corporate accounts disclosure with Eigenvalue of 0.1056 is significant at the 1% level (Wilks's lambda = 0.9045, chi-square = 58.12, $p < 0.01$) in differentiating the two respondent groups. The proportion of variance accounted for by the function in group difference is 9.55% (canonical $R = 0.3090$, and its square is 0.09548). Hence, H01 is accepted, so there is no significant difference in the levels of perceptions about mandatory disclosure items in CFR between investors and managerial employees.

It can be observed from the Table 4 (examination of the group centroid) that it is well evident that investors with positive value (0.1797) are well separated from the managerial group with negative value (- 0.5211) by the discriminant function of corporate financial reporting items of importance. The contribution of each item in the independent set to the function is explored by the structure matrix (structure coefficient), and the power of each item in the independent set in predicting the group discrimination is ascertained by standardized coefficients. The mean discriminant score for perceived status of mandatory disclosure of corporate annual reports is negative for investors (-0.3682) and positive for managerial employees (1.0679) and there is a very large gap in the centroid values between the two groups. This reveals that the discriminant function based on linear combination of four major components of mandatory corporate disclosure very well discriminates the two groups. With respect to voluntary disclosure of corporate annual reports, the two respondent groups are at two extremes and well separated by mean discriminant score as it is 0.3559 in positive direction for the investor group (0.3559), while it is 1.0322 in the negative direction for the managerial employee group. As both the respondent groups are well separated by centroid values, a further attempt is made to identify the voluntary disclosure components in corporate annual reports that best contribute to the group discrimination and also to the discriminant function based on standardized coefficients and structure coefficients, respectively.

With respect to perceived status of both mandatory and voluntary disclosure of corporate annual reports, as per the centroid values shown in the Table 4, it is in the positive direction for the investor group (0.5093) and in the negative direction for the managerial group (-1.4769), with a large gap in the values between both the two groups. This clearly shows that the two groups were strongly divided in their opinion about the status of both mandatory and voluntary disclosure items in the corporate annual reports.

With respect to usefulness of corporate annual reports, the centroid values for both groups are in the opposite direction, that is, positive at 0.1388 for investors and negative at 0.4025 for managerial employees, in turn confirming the discrimination between the two groups in terms of their opinion about the usefulness of corporate financial reporting.

With respect to group-wise mean discriminant function score (group centroid) of variables measuring satisfaction (Table 4), the group centroid is negative at 0.1905 for the investor group and positive at 0.5524 for the managerial employee group. The group centroids, which are in the opposite directions, clearly show the differences in the level of satisfaction with some aspects of corporate accounting disclosure between the two groups.

As displayed in the Table 5, the discriminant function is highly and positively dominated by the level of voluntary disclosure of board structure. The level of voluntary disclosure of financial information also has meaningful contribution to the scores, but negatively. The discriminant score becomes high when the disclosure level of board structure in the corporate annual reports is high. Similarly, the discriminant score becomes marginally lower when the disclosure level of financial information is low.

The standardized coefficient is positive and very high for board structure (Table 5), whereas it is negative at a substantial level for financial information. This envisages that level of disclosure of board structure is a highly dominant factor in group discrimination followed by level of disclosure of financial information in the corporate annual report. From the signs of coefficients and that of centroid, it is concluded that there is multivariate difference in the level of perception about disclosure of voluntary items in the corporate annual reports between investors and managerial employees in such a way that the level of good opinion about voluntary disclosure of the

Table 5. Standardized Canonical and Structure Coefficients of Voluntary Disclosure Components with Discriminant Function

Voluntary Disclosure Components	Function 1	
	Standardized Coefficients	Structure Coefficients
Employee Information, Social Responsibility, and Environmental Policy	-0.2042	-0.0486
Board Structure Disclosure	**0.8361**	**0.7833**
Financial Information	**-0.4519**	**-0.3787**
Forward-looking Information	-0.3394	-0.1755
General Corporate Information	0.2217	0.1492
Audit Committee	0.2900	0.2459

Table 6. Standardized Canonical and Structure Coefficients of Mandatory & Voluntary Disclosure Components with Discriminant Function

Mandatory & Voluntary Disclosure Components	Function 1	
	Standardized Coefficients	Structure Coefficients
Income and Expense Items	**0.3964**	**0.3744**
Balance Sheet Items	**0.3511**	**0.3326**
Cash / Fund Flow with Auditor's Report	-0.3804	-0.2980
Accounting Policy with Income Tax Information	**-0.3515**	**-0.3732**
Employee Information, Social Responsibility, and Environmental Policy	0.1165	0.0345
Board Structure Disclosure	**-0.5769**	**-0.5560**
Financial Information	0.3093	0.2688
Forward - Looking Information	0.2368	0.1245
General Corporate Information	-0.1750	-0.1059
Audit Committee	-0.1962	-0.1746

board was more among investors than managerial employees ; whereas, level of good opinion about voluntary disclosure of financial information in corporate annual reports was higher among managerial employees than investors.

The multivariate difference in combined components of mandatory and voluntary disclosure in corporate annual reports between investors and managerial employees is explored by discriminant analysis, and the results of the analysis associated with significance of discriminant function are given in the Table 6. An observation of the Table 6 shows that the discriminant function of both mandatory and voluntary disclosure components with Eigenvalue of 0.7547 and canonical correlation of 0.6558 significantly differentiate between investors and managerial employees (Wilks's lambda = 0.5699, chi-square = 325.02, $p < 0.01$). Hence, H02 is accepted, so there is no significant difference in the levels of perception about voluntary disclosure items in CFR between investors and managerial employees.

It can be observed from the Table 6 that the absolute value of structure coefficient for voluntary disclosure of board structure related information in corporate annual reports is higher, in turn indicating that this component of voluntary disclosure contributes most to the discriminant function. The contribution of mandatory disclosure components such as income/expense items followed by accounting policy with income tax information and balance sheet items is also at a considerable level.

From the observation of the standardized coefficients, it is understood that the voluntary disclosure level of board structure in the annual reports contributes the most followed by substantial contribution of mandatory disclosure of income/expense items and balance sheet items in corporate financial reports to the discrimination of the two respondent groups. From the signs of the coefficients and that of the group centroid, it is found that the perceived level of good opinion about voluntary disclosure of board structure among managerial employees was more than that of investors, while the level of good opinion about mandatory disclosure of income / expense items and balance sheet items among investors was more than that of managerial employees. That is, the two respondent groups differ from each other with respect to their level of good perception about voluntary disclosure of board structure, mandatory disclosure of income / expense items, and balance sheet items in corporate annual reports when all components of mandatory and voluntary disclosure are taken into account simultaneously.

It can be inferred from the Table 7 that the discriminant function is best described by the perceived level of usefulness of CFR in enabling to access information for investment decision making tasks more quickly followed by level of usefulness of relevant information contained in CFR for the decision making process. The above picture along with a negative sign for both usefulness measures reveals that low scores on function is associated with low level of usefulness of these two CFR measures.

Table 7. Standardized Canonical and Structure Coefficients of Usefulness Measures with Discriminant Function

Usefulness Measurement Variables	Function 1	
	Standardized Coefficients	Structure Coefficients
Enables accessing information for investment decision making tasks more quickly.	**-0.7371**	**-0.7866**
As a communication system, it enables investors to make more informed decisions.	0.3317	-0.0906
CFR format and structure allows investors to gather more information for their decision-making tasks.	0.7319	-0.0081
CFR contains relevant information for decision-making tasks.	**-0.4411**	**-0.5772**
Investors do not need other sources of information other than CFR for investment decisions.	-0.2953	-0.5701
Overall, CFR is a useful source of information for decision-making tasks.	-0.5051	-0.0659

The standardized coefficient in absolute value is higher for first measure of usefulness (enables accessing information for investment decision making tasks more quickly) followed by fourth measure (CFR contains relevant information for decision - making tasks), in turn indicating the fact that the first measure of usefulness has more power on group discrimination followed by the fourth one.

The above picture along with signs of both coefficients and centroid reveal that the managerial employees differentiate from the investor group in terms of their high perception about usefulness of these two measures (CFR enables accessing information for investment decision making tasks more quickly and CFR contains relevant information for decision-making tasks).

The Table 8 depicts the results of univariate analysis, comparing the level of satisfaction with various aspects of corporate annual reports between the two respondent groups (investor and managerial employee groups). As depicted in the Table 8, the level of satisfaction with transparency, reliability, relevance of information, and timeliness of corporate annual reports is the same and does not differ between investors and managerial employees. However, the level of satisfaction among managerial employees is significantly higher than that of investors in terms of usability (F - value = 25.34, $p < 0.01$), reporting formats (F - value = 13.92, $p < 0.01$), level of details (F - value = 4.22, $p < 0.01$), and overall quality (F - value = 6.76, $p < 0.01$) of the corporate annual reports.

It can be observed from the Table 8 that there is a univariate difference in the level of satisfaction with usability, reporting formats, level of details, and overall quality of corporate annual reports between investors and managerial employees. It is, however, found that both respondent groups expressed similar level of satisfaction with transparency, reliability, relevance of information, and timeliness of the corporate annual reports. The H03 is accepted as the perceived level of satisfaction with corporate annual reports is the same and does not differ between investors and managerial employees.

It can be observed from the Table 9 that the satisfaction level with reporting formats has meaningful contribution to the group discrimination. As sign of the standardized coefficient for the dominating predictor is positive, it is apparent that the high discriminant scores are associated with high satisfaction level with usability and reporting formats of the corporate accounting disclosure. As the mean discriminant score (centroid) for managerial employees is positive, it is deduced that the managerial employees had more satisfaction with usability and reporting formats which are well differentiated from investors who were less satisfied with these two aspects of corporate accounting disclosures.

Table 8. Perceived Level of Satisfaction with Various Aspects of Corporate Annual Report Disclosure - Comparison Between Investors and Managerial Employees

Satisfaction Measures	Respondent Group		*F* - Value (*DF* = 1, 583)
	Investors	Managerial Employees	
Transparency	3.95 (0.88)	4.06 (0.64)	2.02^{NS}
Reliability	4.06 (0.88)	4.02 (0.62)	0.33^{NS}
Usability	3.96 (0.87)	4.35 (0.59)	25.34**
Relevance of Information	4.12 (0.84)	4.09 (0.81)	0.11^{NS}
Reporting Formats	3.93 (0.89)	4.23 (0.65)	13.92**
Timeliness	4.03 (0.87)	4.16 (0.71)	2.72^{NS}
Level of Details	3.95 (0.89)	4.22 (0.59)	11.89**
Overall Quality	4.14 (0.86)	4.35 (0.68)	6.76**

Note : Figures in brackets are standard deviations; NS - Not significant ; **Significant at the 1% level

Table 9. Standardized Canonical and Structure Coefficients of Variables Measuring Satisfaction with Discriminant Function

Variables Measuring Satisfaction	Function 1	
	Standardized Coefficients	Structure Coefficients
Transparency	-0.0246	0.1812
Reliability	-0.5834	-0.0727
Usability	**0.9043**	**0.6416**
Relevance of information	-0.4827	-0.0421
Reporting formats	**0.4710**	**0.4756**
Timeliness	-0.1308	0.2102
Level of details	0.2302	0.4394
Overall quality	0.1926	0.3314

Findings of the Study

(1) The managerial employees in the sample considered all corporate accounting reports as more important than investors and differed significantly from investors with respect to all but income / expense statement. Regarding the disclosure status of income / expense statement, both respondent groups gave equal importance to the same.

(2) The managerial employee group differed from the investor group by attributing low importance to corporate financial reports in terms of profile of board of directors, auditor's report, director's report, and statement of financial position in the corporate financial reports.

(3) There is a significant univariate difference in the level of good opinion about various components as well as entire components of mandatory disclosure in corporate annual reports between investor and managerial employee groups.

(4) It is found that the investor group scored high on mandatory disclosure of income and expense items ; balance sheet items were given different scores by the managerial employee group, with high scoring on mandatory disclosure of cash / fund flow with auditor's report and accounting policy with income tax information.

(5) The level of good ranking about various aspects of voluntary disclosure in corporate annual reports differs between investors and managerial employees.

(6) There is a multivariate difference in the level of perception about disclosure of voluntary items in corporate annual reports between investors and managerial employees in such a way that the level of good opinion about voluntary disclosure of board structure was more among investors than among the managerial employees ; whereas, the level of good opinion about voluntary disclosure of financial information in corporate annual reports was higher among managerial employees than among investors.

(7) There is a multivariate difference between the two respondent groups in a linear combination for both mandatory and voluntary components in corporate annual reports, that is, the two respondent groups differed from each other with respect to their level of good perception about voluntary disclosure of board structure, mandatory disclosure of income / expense items, and balance sheet items in corporate annual reports when all components of mandatory and voluntary disclosure were taken into account simultaneously.

(8) The managerial employees differentiated from the investor group in terms of their high perception about usefulness of CFR in enabling to access information for investment decision making tasks more quickly and usefulness of relevant information contained in CFR for decision-making tasks.

(9) It is found that there is univariate difference in the level of satisfaction with usability, reporting formats, level of details, and overall quality of corporate annual reports between investors and managerial employees. It is, however, found that both respondent groups expressed similar level of satisfaction with transparency, reliability, relevance of information, and timeliness of the corporate annual reports.

(10) The managerial employees with more satisfaction with usability and reporting formats are well differentiated from investors who were less satisfied with these two aspects of corporate accounting disclosure.

Implications and Conclusion

The investors stated that corporate accounting information was capable of making a difference in their investment decisions; hence, reporting of corporate financial accounting should develop confidence among the investors.

The study makes an attempt to empirically evaluate whether there were any univariate and multivariate differences between investor and managerial employees in perceiving the importance of corporate annual reports, status of mandatory and voluntary disclosures, usefulness of CFR (corporate financial reporting), and level of satisfaction with various aspects of corporate annual reports. One way ANOVA and discriminant analysis are used to explore univariate and multivariate differences between the two groups, respectively. The results of ANOVA and discriminant analysis exposed the existence of significant differences in perception of each attribute/ component and linear composite perception score of all attributes/components measuring importance, mandatory/voluntary disclosure, usefulness and satisfaction. Overall, it is evident that the investor and managerial employee groups were not identical with respect to level of importance of corporate financial reporting, perceived status of mandatory and voluntary disclosure in corporate annual reports, usefulness of corporate financial reporting, and satisfaction with some aspects of corporate annual reports.

Limitations of the Study and Scope for Further Research

The present study is limited to investors and managerial persons in Chennai region. So, the findings of the study cannot be generalized for the entire population of investors and managerial persons in other parts of Tamil Nadu and India. Hence, future studies can be conducted in other regions of India to obtain the perceptions of investors and managerial employees.

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