The association between the FLDI and the explanatory variables

Firm or company size is one of the most broadly used variables to explain the nature and extent of FLD. The size is broadly measured using a proxy of the total assets of the company. A significant impact between FLD and firm size has been found in the previous studies.

Some reason of positive association might be that large companies gives more FLD information than small one (Mathuva, 2012). Big investors follow the large firms to justify the benefits from the FLD. In addition, future earning related information is provided by larger firms due to their stable performance(Kent & Ung, 2003). But some previous studies also don't find any significant association between FLD and firm size. From the findings of previous studies, it is expected that firm size might have significant impact or insignificant impact on FLD and the following hypothesis is proposed.

There is a substantial relationship between firm size and the FLDI.

Profitability (ROA): Firm is more motivated to signal the quality to stakeholders when firm contribution is good in reference to signaling theory. The profitable company can disclose additional information to the stakeholder to promote an optimistic impression (Alsaeed, 2006). The improved analysis and discussion of favorable results to stakeholders is given by highly profitable firms (Hassanein & Hussainey, 2015). The previous studies hypothesized a positive impact between FLD and profitability. Again, some studies found insignificant impact between FLD and profitability. It is expected that profitability might have a substantial impact or insignificant impact on FLD and the following hypothesis is proposed.

There is a positive relationship profitability and the FLDI.

Leverage: Leverage is also one of the most broadly used variables to explain the nature and extent of FLD. A greater cost of capital is faced by a leveraged company because leverage denotes higher risk (karim et al,2006). Companies with higher debt in capital strategy are disposed to high agency cost (Alsaeed, 2006). Agency cost is avoided by providing FLDs that cut information asymmetries (Inchausti, 1997). The levered companies gives more information to their creditors to fulfil information needs(Uyar & Kilic, 2012). In reference to agency theory, the leveraged companies cut agency cost of capital and agency cost by disclosing the FLDs (Jensen & Meckling, 1976) and leveraged companies also cut risk premiums by disclosing FLD found significant impact between FLD and leverage while some studies of found insignificant association between FLD and leverage. This proposes the following hypothesis.

There is a significant association between leverage and the FLDI.

Industry type: Different industry type have different features concerning to risk, competition and growth opportunities. The similar designs of behavior relating to FLD are adapted by companies operated in the same division. Numerous researches recognized a positive impact between FLD and industry type, while some previous studies also found insignificant impact between FLD and industry type. So, the following hypothesis is proposed.

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There is a significant relationship between Industry type and the FLDI.

Auditor type: Auditor type is broadly used variables to explain the nature and extent of FLD. The member of Big-4 audit companies guidance their client recording practice because the audit firms of Big-4 have superior experience because of internationalization. They use the FLD disclosed by the clients as a measures of signaling the own quality. An auditor plays a vital role to improve the reporting practices of the firms. Firms revised by the big audit firms give more accurate FLD found insignificant association between auditor type and FLD while a study of found significant association between auditor type and FLD.

There is a significant impact between auditor type and the FLDI.

Board size: The directors of a board determine strategies and policies that managers follow. Firms can impact administration decisions to increase FLD due to monitor role of directors. The number of non-executive and executive member are represented by board size. A smaller boards is generally effective than a large board to coordination and communication related problems. The bigger boards with great variety includes financial experience and expertise which impact the FLD and extend the disclosure choice of directors. An irrelevant impact between FLD and board size are found in the previous studies. While the studies of a positive impact between board size and FLD. So, the following hypothesis is suggested.

There is a positive association between board size and the FLDI.

Board composition: Inclusion of non-executive directors enhances the feasibility of the board as an interior control mechanism and stop expropriation of security holder capital (Fama, 1980). It also decreases agency costs and generates pressure for improved disclosure (Forker, 1992). If non-executive directors actually accomplish their monitoring and controlling role, the quality of FLD is improved (Forker, 1992) and more disclosure is estimated . The prior studies found that the percentage of non-executive directors has no substantial impact on FLD. While some prior studies found that the independence of non-executive director is substantially associated with FLD (Liu, 2015; Wang & Hussainey, 2013). In reference to agency theory and discussions, the following hypothesis is suggested.

There is a substantial association between board composition and the FLDI.

Board gender diversity: Board variety means the difference among board members comparative to their several features, such as age, gender, race, education, personalities, expertise and skills (Coffey and Wang, 1998). Gender dissimilar boards bring more standpoints and thoughts to board negotiations and lead the board to take better decisions (Barako & Brown, 2008; Bear, Rahman, & Post, 2010). Female directors encourage more participative communication between directors (Bear et al., 2010). In this respect, the presence of different viewpoints on boards improve a company's capability to achieve the needs of dissimilar groups of stakeholders with investors, lenders analysts, creditors and auditors (Harjoto, Laksmana, & Lee, 2015). The two previous research found that there is a substantial impact between board gender diversity and the.

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