



An-Najah National University
Faculty of Graduate Studies

**THE ROLE OF CORPORATE GOVERNANCE
IN SHAPING THE RELATIONSHIP BETWEEN
OWNERSHIP STRUCTURE AND VOLUNTARY
DISCLOSURE: EVIDENCE FROM PALESTINE**

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Declaration

I, the undersigned, declare that I submitted the thesis entitled:

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I declare that the work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

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Abstract

The ownership structure is considered a vital factor that affects several aspects of the company's management, from making strategic decisions to directing financial policies, and determining the extent of transparency of the information provided by the company. This study aims to investigate and analyze the relationships between ownership structure and voluntary disclosure amongst 49 companies listed on Palestine Stock Exchange (PSE) between 2010-2021, the secondary data collected from various sources, including the annual financial final reports issued by companies at the end of each year, through which data were collected related to the company's profitability, the size of its assets, the age of the company, the number of shares issued by the company, the book value of the value of equity and the quality of auditor, the information related to the ownership structure, which includes institutional ownership, foreign ownership, managerial ownership, and ownership concentration was obtained from the company's annual publications that it provides to the Palestine Stock Exchange. The research found that institutional ownership and managerial ownership have a positive impact on voluntary disclosure, concentration Ownership has a negative impact on voluntary disclosure, and foreign ownership has no significant impact on voluntary disclosure and the interactive relationships (institutional ownership with corporate governance and concentration of ownership with corporate governance) have a positive impact on the level of voluntary disclosure of Palestinian companies. The researcher recommends future studies to develop practical, applicable guidance for companies and organizations to improve the level of voluntary disclosure based on research findings and analyses.

Keywords: ownership structure, voluntary disclosure, Palestine Stock Exchange

Chapter One

Introduction

1.1 Preface

Businesses are required in today's economic situations to make their financial results more transparent for all parties involved, but especially for the owners or stockholders' parties. This is a natural outcome of the public's, owners, and other stakeholders' parties' heightened awareness due to the widespread of electronic media and channels that promote the stakeholders' knowledge and awareness of the enterprises' many activities and operations (Hossain D. M., 2015).

As the board of directors (BOD) serves as the agent who works on behalf of the principles—the shareholders or the corporate principal owners—the agency theory in business operations is the fundamental application of the theory. To protect the basic rights and wealth of the primary or secondary stakeholders, the effective application of this theory forces business decision-makers to declare and issue key financial results. These declarations may be based on formal or mandatory compliance with domestic or international standards (Ameen, 2014).

Businesses with greater differentiation will not only publish or release their data but also release and declare additional voluntary data (Al-Musali & Qeshta , 2014). In terms of legal or equitable interests in these firms, ownership structure refers to the internal structure of the business or economic entity as well as the numerous rights or obligations of all natural persons or artificial entities. The different ownership structures might significantly affect the statutory and optional disclosure levels of the released data (Kanakriyah, 2016).

The quantity and quality of data that an organization publishes or makes available to stakeholders distinguish it from competitors in the eyes of the public and stakeholders, particularly when the organization publishes more data than is required by law so that all relevant stakeholders can learn more about the current policies, strategies, and decisions being used. The ownership structure may play a role in the amount of voluntary disclosure, for instance, (Awwad, 2022) looked into the possibility that there

may be a strong correlation between managerial and large shareholder ownership and the amount of voluntary disclosure, as well as a negative correlation between both family and institutional ownership and voluntary disclosure levels (Alareeni & Lulu, 2018).

Although interest in investing in emerging markets is growing, these markets typically lack high-quality, transparent financial reporting standards. In order to address this flaw, emerging market enterprises participate in voluntary disclosure policies (Wang & Claiborne, 2008). Investors and creditors are two key outside users of financial information, and the accounting system aims to supply information for both parties. However, it is vital to pay attention to the informational needs of these groups. Fair and thorough disclosure is required for financial data to be useful.

According to Hendriksen and Van Breda (1992), businesses do not often enhance their financial information sharing until they are obliged to. According to Boesso and Kumar (2007), Critics of compulsory disclosure make the case that investors and other stakeholders require in-depth information about a company's strategies and long-term success.

However, one of the key difficulties in this situation is how company aspects like ownership structure and voluntary disclosure interact. According to Florini (1999), voluntary disclosure reduces the knowledge asymmetry that exists between various parties. Agency theory, which analyses the partition of ownership and control, serves as the theoretical framework for research on corporate governance. The manager's interests are linked with increasing shareholder value, according to agency theory, which emphasizes that performance-related incentives can reduce agency costs. However, sharing information is necessary before managing employees and evaluating performance (Gao & Kling, 2012; Chen et al. 2008) demonstrated that inadequate disclosure policy results in weak corporate governance, voluntary disclosure thus contributes to reducing agency costs in the same way that corporate governance attributes do.

Due to recent corporate failures, business scandals, and increased concern about the protection of minority shareholders, voluntary disclosures have received a lot of attention. Many stakeholders utilize annual reports as an essential tool for making

decisions. So, all stakeholders may hold management accountable for producing the yearly reports.

In order for stakeholders to make wise financial decisions, they must include all pertinent data in the yearly reports. In addition, it's critical to increase information disclosures outside of those mandated by regulations and standards. Minority shareholders' interests are safeguarded by these enhanced disclosures, which also guarantee that interested parties can access the company's information.

According to (Meek, Roberts, & Gray, 1995), voluntary disclosure is defined as "disclosures in yearly reports and other media that are in excess of the standards and that the company management thinks relevant for the readers of the financial reports to make an effective decision." The separation of ownership and control, however, reduces the management's incentive to provide more disclosures.

1.2 Research problem

One of the most effective ways to enhance a company's reputation and standing in the competitive market is to increase the perceived value that is provided to the customers or consumers it serves while simultaneously lowering internal costs and expenses of manufacturing and operations.

The major motivation is to increase everyone's understanding of all parties involved, including owners or shareholders, employees, and managers as internal parties and suppliers, creditors, publics, investors, governmental organizations, and members of the general public as external parties.

The businesses may be able to extract the positive word of mouth of these parties and effectively invest in various promotional and marketing operations if they satisfactorily supply those parties with the disclosure data, whether those data were required or optional.

Firms of this sort contribute positively to raising the market share of businesses in their industry on account of their rivals and uphold the existing perceptions. The in-depth investigation of this link inspires the researcher to close this gap by analyzing and researching the association between listed companies' voluntary disclosure and ownership structure.

Prior research has looked at how ownership structure affects voluntary disclosures in markets in the US, New Zealand, UK, continental Europe, (Australia & Asia Cooke,1991; Frost & Pownall; 1994 Chau & Gray; 2002 Meek, et al., 1995; Hossain, et al., 1994). In two of these studies, it was discovered that concentrated corporations disclosed information less willingly than distributed businesses. (Hossain et al., 1994; Chau & Gray, 2002). According to these studies, increasing share ownership and company voluntary disclosures are significantly correlated.

Samaha and Dahawy (2011) point out that few researches have looked at the disclosure procedures of businesses in developing nations. In the current study, the amount of voluntary disclosures provided by listed firms in Palestine is looked at. Keeping track of these listed firms in Palestine is the responsibility of the Palestine Stock Market (PSE), which was 49 companies listed on the exchange at the end of 2011. Due to the high shareholder concentration of certain listed companies, the volume of voluntary disclosures the companies provide may be significantly impacted.

In these concentrated companies, the controlling shareholders typically maximize their own interests rather than that of the minority shareholders. As a result, it is now more important than ever to ensure the protection of minority owners' interests. Minority shareholders enjoy the right to every relevant information so they can evaluate the company's performance.

One way controlling owners expropriate minority shareholders is by disclosing less voluntary information to them.

However, this study aims to clarify the connection between ownership structure, one of a firm's features, and voluntary disclosure amongst 49 companies listed on the Main Market of the Palestine Stock Exchange between 2010-2021 to find a reasonable answer for our question (What effect does ownership structure have on listed companies' voluntary disclosure on the Palestine Stock Exchange?, Another aspect is that corporate governance plays an effective role in reducing agency problems in a way that leads to reducing conflicts of interest between majority and minority owners, which prompted the researcher to study the impact of corporate governance on the relationship between ownership structure forms and the level of voluntary disclosure.

1.3 The purpose of the study

This study seeks to investigate the effect of different forms of ownership structures on the level of voluntary disclosure and the mediating role that corporate governance plays in influencing the relationship between ownership structures and the level of voluntary disclosure for companies listed on the Palestine Stock Exchange. This can be achieved through

1. Examine how institutional ownership affects the voluntarily disclosed information of the listed companies on the Palestine Stock Exchange.
2. Examining how the concentration of ownership affects listed companies' voluntary disclosure on the Palestine Stock Exchange.
3. Examining how foreign ownership affects listed companies' voluntary disclosure on the Palestine Stock Exchange.
4. Examining how management ownership affects listed companies' voluntary disclosure on the Palestine Stock Exchange.
5. Examining the impact of corporate governance on the different forms of ownership and the voluntary disclosure of companies listed on the Palestine Stock Exchange (PSE).
6. Examining how corporate governance affects the form of the relationship between institutional ownership and voluntary disclosure in listed companies in the Palestine Stock Exchange (PSE).
7. Examining how corporate governance affects the form of the relationship between concentrated ownership and voluntary disclosure in listed companies in the Palestine Stock Exchange (PSE).
8. Examining how corporate governance affects the form of the relationship between foreign ownership and voluntary disclosure in listed companies in the Palestine Stock Exchange (PSE).
9. Examining how corporate governance affects the form of the relationship between management ownership and voluntary disclosure in listed companies in the Palestine Stock Exchange (PSE).

1.4 Research questions

This research addresses the question about the effect of ownership structure forms on the level of voluntary disclosure in Palestinian companies and the mediating role played by corporate governance in influencing the form of this relationship, the following questions will be answered;

1. What is the effect of institutional ownership on the voluntary disclosures of companies listed on the Palestine Stock Exchange?
2. What is the effect of ownership concentration on the voluntary disclosures of companies listed on the Palestine Stock Exchange?
3. What is the impact of foreign ownership on the voluntary disclosures of companies listed on the Palestine Stock Exchange?
4. What is the impact of management ownership affects listed companies' voluntary disclosure on the Palestine Stock Exchange?
5. What is the effect of corporate governance on the relationship between different ownership forms and the level of voluntary disclosure for companies listed on the Palestine Stock Exchange?
6. What is the impact of corporate governance on the relationship between institutional ownership and voluntary disclosure of companies listed on the Palestine Stock Exchange?
7. What is the impact of corporate governance on the relationship between ownership concentration and voluntary disclosure of companies listed on the Palestine Stock Exchange?
8. What is the impact of corporate governance on the relationship between foreign ownership and voluntary disclosure of companies listed on the Palestine Stock Exchange?
9. What is the impact of corporate governance on the relationship between management ownership and voluntary disclosure of companies listed on the Palestine Stock Exchange?

1.5 The significance of the study

The significance of this study comes from knowing what is the effect of multiple forms of ownership structures on the level of voluntary disclosure and the moderating role that corporate governance may play in this impact, in addition to many important aspects, the most prominent of which are

1. This study contributes to filling the literature gap, as it is considered one of the first studies that examined the effect of ownership structure on the level of voluntary disclosure and the mediating role that corporate governance plays in influencing the relationship between ownership structure and the level of voluntary disclosure for companies listed on the Palestine Stock Exchange.
2. Providing investors and stakeholders with a clear picture of the nature of the different ownership structures in Palestinian companies and the level of voluntary disclosure so that they can choose the most appropriate company that has an ownership structure and voluntary disclosure level that is commensurate with their interests and strategy that may be related to the suitability of the ownership structure with the required level of transparency, which in turn may affect the market value of the company.
3. Providing a clear picture to the company's decision makers about the required level of disclosure and transparency that is appropriate for investors or a specific category of investors so that the company can make decisions that will facilitate obtaining the required financing at the lowest costs.

1.6 The structure of the thesis

This research contains five chapters and basic axes that harmonize with each other to provide integrated research content. The first axis includes the introduction to the research, justification of the research problem, and highlighting the scientific gap that the research seeks to address. The second axis contains many scientific and financial theories that justify the relationships between the basic components of the study and give multiple perspectives on the nature of these relationships. In addition to the results of previous studies and their justifications through which we were able to justify the research hypotheses, the third axis contained an introduction to the most important variables of the study, methods of measuring them, and designing the appropriate

statistical model after testing all the statistical problems and treating them in a way that enables us to test the relationships in an optimal way that enables us to answer the basic research questions, the fourth axis contains the results of the descriptive and experimental statistical analysis, the interpretation of these results, and their comparison with the results of previous studies. Finally, the fifth axis contains the most important conclusions reached by the researcher, in addition to the limitations and recommendations that the researcher indicated to the relevant authorities.

Chapter Two

Theoretical Framework and Literature Review

2.1 Introduction

This chapter provides the theoretical frameworks and concepts associated with the problem of the research in knowing the impact of ownership structure on voluntary corporate disclosure according to previous literature in an attempt to form a conceptual framework for the study and a review of the results of previous studies in an attempt to develop research hypotheses and build a conceptual model capable of designing an analytical model that helps in answering research questions related to the effect of ownership structure on voluntary disclosure and the moderating role played by corporate governance in influencing this relationship.

2.2 Theoretical Framework

2.2.1 Agency Theory

According to agency theory, a company is the intersection of contracts made by its several stakeholders, including shareholders, managers, employees, customers, and suppliers. Shareholders are stakeholders in a company and help the manager act as his agents. However, managers may have different and conflicting goals from shareholders. Agency costs are the expenses that shareholders incur to control managers and ensure that their interests are aligned with those of shareholders. Agency theory predicts that voluntary disclosure is affected by the ownership structure of a company. (Vitolla, Raimo, & Rubino, 2020) Agency theory suggests that firms with a dispersed ownership structure are more likely to engage in voluntary disclosure because firms with a dispersed ownership structure reduce the agency costs associated with monitoring and controlling managers. Conversely, firms with a concentrated ownership structure, such as family-owned or founder-owned firms, may be less likely to engage in voluntary disclosure because the agency costs associated with controlling managers may be lower due to tighter control by owners (Rossi & Harjoto, 2020).

Several studies have presented findings on the relationship between voluntary disclosure and ownership structure from the perspective of agency theory. (Hossain, Alam, Islam, & Hecimovic, 2015) found that voluntary disclosure was more prevalent

among independent directors and a smaller percentage of family-owned shares. Similar findings were found by (Murcia & Santos, 2010) who found that voluntary disclosure was more prevalent among firms with greater institutional ownership and more dispersed ownership. Agency theory is a framework that attempts to describe the interdependence that exists within an organization between managers and shareholders. According to the provisions of this theory, there is a possibility that the interests of managers and agents may not be aligned, leading to agency conflicts. There is a potential for agency conflicts to occur if managers prioritize their own interests over those of the shareholders, it could lead to decisions that aren't always optimal for the company.

Under agency theory, in the context of financial reporting, a manager is motivated to hide facts from shareholders to protect his personal interests. This practice leads to a lack of transparency and accountability in financial reporting. Agency theory also claims that the interests of shareholders and managers can converge through mechanisms such as compensation systems and control measures (Obeng, Ahmed, & Cahan, 2021).

The ownership of a company has the potential to influence the degree of conflicts that occur in addition to the information that is voluntarily disclosed. The term ownership structure refers to the way in which ownership is distributed among shareholders, taking into account several factors, including the degree of ownership concentration and the participation of institutional investors.

In companies with a concentrated ownership structure, a single shareholder or several small shareholders may significantly influence the decision-making process. This type of ownership is known as concentrated ownership, since the interests of the controlling shareholder or shareholders are aligned with those of the company, this may lead to a reduction in agency conflicts that occur within the company and the dominant shareholder (or shareholders) may have a stronger incentive to monitor the company's financial reporting processes and ensure that the company is open and accountable to its stakeholders (Rashid Khan, Khidmat, Hares, Muhammad, & Saleem, 2020).

Conversely, a company with a decentralized ownership structure may have a large number of shareholders, each with their own set of concerns. This increases the

likelihood of agency conflicts, and managers may have difficulty aligning the interests of all shareholders. When this happens, managers may be less willing to disclose voluntary information because shareholders may not all benefit from it in the same way. Institutional investors are another group that can influence a company's financial reporting standards. Institutional investors, which include pension funds and mutual funds, often own large stakes in the companies in which they invest and may have a greater degree of influence over the decision-making processes of such companies. Given the fact that they owe a fiduciary obligation to the clients they serve, institutional investors may also have a greater incentive to monitor a company's financial reporting practices and ensure that the company is open and accountable (Rashid Khan, Khidmat, Hares, Muhammad, & Saleem, 2020)

2.2.2 Stakeholder Theory

According to the stakeholder theory, a company's obligations go beyond merely increasing shareholder value. The interests of all parties involved in a company must be balanced, including shareholders, employees, customers, vendors, and the general public. Stakeholder theory predicts that a company's decision to voluntarily disclose information will be influenced by its relationships with its various stakeholders. Therefore, the Stakeholder theory assumes that firms that engage in voluntary disclosure are more likely to have strong relationships with stakeholders and have a larger number of long-term customers, while firms that are less likely to engage in voluntary disclosure are those that have weaker relationships with stakeholders and are less interested in maintaining transparency and accountability (Freeman, 2023)

There are many previous researches and studies that have pointed to scientific explanations for the relationship between ownership structure and the level of voluntary disclosure in non-financial companies from the perspective of stakeholder theory. For example, (Haniffa & Cooke, 2002) found that voluntary disclosure was more prevalent in firms with a higher proportion of independent directors and a lower proportion of family ownership. These factors were viewed as indicators of a firm's commitment to stakeholder interests. Similarly, (Zhou, 2019) found that firms with a higher level of institutional ownership were more likely to engage in social responsibility reporting, as institutional investors were viewed as key stakeholders who have an interest in the firm's social and environmental impact.

2.2.3 Stewardship Theory

According to stewardship theory, managers serve as stewards of the company, acting not only in their interests but also in the best interests of the company as a whole. According to stewardship theory, the strength of the bond between management and shareholders will have an impact on a company's decision to freely release information where the stewardship theory predicts that companies with a high-quality link between managers and shareholders, such as those with a long-term focus and a strong sense of stewardship, are more likely to engage in voluntary disclosure. In contrast, companies with a weak relationship between managers and shareholders may be less likely to engage in voluntary disclosure, as managers may be more concerned with short-term goals and self-interest (Saha & Kabra, 2020)

Many previous studies have indicated an explanation of the relationship between ownership structure and the level of voluntary disclosure in non-financial companies from a stewardship theory perspective. For example, (Jizi, Salama, Dixon, & Stratling, 2014) found that companies with a higher proportion of family ownership were more likely to engage in voluntary disclosure, as family members were seen as more likely to act as stewards of the company. Similarly, Barako et al. (2006) found that companies with a higher level of managerial ownership were more likely to engage in voluntary disclosure, as managers with a significant ownership stake had a greater sense of stewardship and a longer-term perspective. Therefore, a company's decision to disclose information can be greatly influenced by its ownership structure. According to stakeholder theory, companies with more ties to their stakeholders are more likely to engage in voluntary disclosure, whereas agency theory predicts that businesses with a distributed ownership structure are more likely to do so. According to stewardship theory, voluntary disclosure is more likely to occur in businesses when managers and shareholders have a positive working relationship

2.2.4 Signaling Theory

According to this hypothesis, companies that voluntarily disclose large amounts of information want to communicate their true value quality and lessen information asymmetry by giving parties that don't have access to it more knowledge. Profitable companies will reveal more information to capitalize on their success by increasing the price and value of their shares, according to Mgamal (2017) and Morgan et al (2014)

highlight that "good news" businesses are urged to psychologically set themselves apart from competitors by sharing additional information. The management of companies with good financial performance also wants to disclose more information to stakeholders to enhance the positive impression, in addition to the fact that the size of the gains and the final impact on the final prices may differ greatly depending on the information disclosed and the methods by which its use is disclosed (Meek, Roberts, & Gray, 1995).

2.3 Literature Review

Disclosure made voluntarily is an essential component of effective corporate communication because it enables companies to share information with their stakeholders in addition to that which is mandated by laws and regulations. The ownership structure is one of the many elements that can have an impact on the level of quality and scope of voluntarily disclosed information. This study presents a literature review on the impact that ownership structure has on voluntary disclosure and the role played by corporate governance in influencing the form and strength of the relationship between different ownership structures and the level of voluntary disclosure of companies listed on the Palestine Stock Exchange. The review focuses on previous research. In particular, it investigates how factors such as family ownership, institutional ownership, management ownership, and foreign ownership influence voluntarily provided information and the role that corporate governance plays in influencing this relationship

2.3.1 An overview of voluntary disclosure on the Palestine Stock Exchange

Since its inception, the Palestine Stock Exchange has been concerned with keeping pace with global developments. Law No. 12 of 2004 obligated listed companies to disclose annual financial statements, as well as information that affects the company's profitability and financial position, and the dates of regular and extraordinary meetings of the Board of Directors and the General Assembly, then Law No. 1 For the year 2012, which aims to raise the level of disclosure and provide all information related to dealers in the securities sector, the Companies Law obligated companies to build a website that includes all reports and information of interest to investors. Then, the disclosure was developed to include rewards, salaries, and policies related to corporate social

responsibility, and names of Committees emanating from the Board of Directors and other matters of interest to investors (Omar & Maher, 2018).

2.3.2 Voluntary disclosure concept and importance

Voluntary disclosure is considered an additional case to mandatory disclosure and an introduction to the application of laws, regulations and instructions related to disclosures and future expectations of the company.

Voluntary disclosure represents an additional option for the company to provide accounting information (Meek, Roberts, & Gray, 1995). The importance of disclosure is linked to the increasing interest in the economic role of financial markets to make dealings more equal and credible, to provide equal opportunities among investors in obtaining financial information, and to reduce the extent of discrepancy in information between investors. This contributes to enhancing shareholder confidence, which improves the company's reputation, market value, and stock prices in the market, which reflects positively on its liquidity, given that the financial statements constitute an important source of information for decision-making (Uyar, Kilic, & Nizamettin, 2013). This increases the company's financial solvency and the ability to pay obligations, as well as future investments. By revealing the relationship between the Board of Directors and other stakeholders, including lenders and investors, voluntary disclosure helps to increase the institution's transparency. It also lowers the cost of capital by supplying adequate and accurate information to lessen the information asymmetry between investors and management, which improves the quality of profits and reaching forecasts. High accuracy by analysts and enabling investors to identify the most productive areas, which leads to increased benefits (Almshabbak & Chouaibi, 2023).

2.3.3 Ownership structure

Ownership structure refers to how ownership rights and control are distributed within the company or business entity. This concept includes identifying the parties that own shares in the company and how decisions and responsibilities are distributed among these parties. The ownership structure can be diverse and affected by factors such as the type of company, the law of the country, and shareholder policies.

The ownership structure is considered a vital factor that affects several aspects of the company's management, from making strategic decisions to directing financial policies and determining the extent of transparency of the information provided by the company. Through appropriate disclosure about the main shareholders and the distribution of shares, the company can enhance confidence between investors and beneficial parties (Masum, Abdul Latiff, & Osman, 2020).

Disclosure requirements vary around the world, and ownership structure affects the extent of compliance with these legislations. Companies find themselves obligated to disclose details of the ownership structure in accordance with standards and the law. In an era of increasing focus on corporate social responsibility, the ownership structure contributes to determining the extent of commitment to ethics and values. Accurate disclosure prevents violations or unethical practices (Obeng, Ahmed, & Cahan, 2021). Investors prefer transparency and clarity about the ownership structure. Good disclosure attracts more investors and understanding of how profits are distributed and how investments are directed (Mgammal, 2017).

Ownership structure is not just an organizational aspect but rather extends to be one of the important factors that affect corporate disclosure. It represents a basis for building trust and determining the future of the company and therefore requires great attention in disclosure and financial reporting processes. The ownership structure is affected by the laws of countries and can change over time and based on company developments and shareholder decisions. The main dimensions of ownership structure that will be considered in this thesis are the following:

1. Institutional Ownership (IO)
2. Managerial Ownership (MO)
3. Concentration Ownership (CO)
4. Foreign Ownership (FO)

2.3.3.1 Institutional Ownership

Institutional ownership (IO) defined as the number of shares owned by institutional investors, including insurance companies, pension funds, and mutual funds. Institutional investors are generally believed to have long-term investment aspirations and are more focused on transparency and corporate governance than individual investors.

Many previous studies and literature have examined the effect of the size of institutional ownership in non-financial companies on the level of voluntary disclosure. (Haniffa & Cooke, 2002) found a positive relationship between institutional ownership and voluntary disclosure in UK companies. The authors suggest that institutional investors may pressure companies to increase the level of disclosure they provide to reduce information asymmetry and enhance transparency.

In a similar study, (Cheng, Jiang, Kong, & Vigne, 2022) found that institutional ownership and voluntary disclosure are positively related in Chinese companies. The authors argue that institutional investors play an important role in improving the quality of corporate governance in emerging countries, which are known for their lax business regulations.

The research conducted by Qadan and Sweidan (2018) examines the impact of ownership structure on CSR disclosure in Jordanian companies. The authors reached the following results: There is a positive relationship between institutional ownership and CSR disclosure but a negative relationship between family ownership and CSR disclosure. The researchers believe that institutional investors are likely to put pressure on companies to provide more CSR disclosure, while they speculate that family-owned companies may be less concerned with the social and environmental impact of their activities. Ishtiaq et al. (2017) investigate the impact that ownership structure has on the disclosure of corporate social responsibility in Pakistani businesses. According to the findings of the authors, a company's CSR disclosure is positively correlated with both institutional ownership and foreign ownership, but it is inversely correlated with family ownership. The authors believe that institutional investors and international investors may have a stronger focus on CSR concerns, whereas family-owned businesses may be more concerned with keeping control over the organization.

Hsu et al. (2022) investigate the impact of ownership structure on the degree to which Taiwanese companies are willing to voluntarily disclose information. According to the findings of the authors, a positive relationship exists between institutional ownership and foreign ownership and voluntary disclosure, whereas a negative relationship exists between family ownership and voluntary disclosure. The authors indicate that institutional investors and international investors may put pressure on companies to

provide more disclosure, whereas family-owned businesses may be more concerned with keeping control over the company.

Bilal et al. (2021) studied the impact of ownership structure on CSR disclosure in Bangladeshi firms. The results showed a positive relationship between institutional ownership and foreign ownership, while it is inversely related to family ownership. The researchers believe that international investors and institutional investors have a stronger focus on CSR concerns in companies, and that family-owned firms are more interested in maintaining control over the organization.

H1: Institutional ownership (IO) is positively associated with voluntary disclosure in Palestinian companies.

2.3.3.2 Managerial ownership

A company's management owning a portion of its shares is known as managerial ownership. We call this kind of ownership "managerial ownership." The interests of shareholders and managers are sometimes seen as being closer when managers have management ownership since they have a greater stake in the company's success.

Numerous research studies have looked into the relationship between managerial ownership and voluntary disclosure. For example, Kothari and colleagues (2002) found a statistically significant positive link between voluntary disclosure and managerial ownership in US corporations. The authors hypothesize that managers with a larger ownership stake in the business might be more motivated to tell the different stakeholders about information.

Other studies, however, have produced conflicting results. For example, Chen et al. (2014) found that in Chinese companies, the amount of information freely given was inversely correlated with managerial ownership. According to the authors, this might be because managers in Chinese businesses are more focused on maintaining control over the company than on informing their stakeholders. The authors speculate that this might be the case.

H2: Managerial ownership (MO) is positively associated with voluntary disclosure in Palestinian companies.

2.3.3.3 Concentration of ownership

One of the governance aspects of companies listed on the Palestine Stock Exchange is ownership concentration, which is measured by the proportion of the company's shares held by the top 5 owners at the end of the year (Jiang, Habib, & Hu, 2011).

This phrase describes how owners or shareholders divide up ownership interests in a business. A high concentration of ownership indicates that a significant portion of the company's shares is owned by a small group of investors or entities. A single person or a small group of people or organizations can accomplish this focus. When there is a high level of ownership concentration, powerful shareholders may have more influence over important business decisions. A high level of ownership concentration is occasionally regarded as a sign of sound financial standing. Financial stability may result from having important investors who trust the company's management and comprehend its objectives. In certain situations, a high ownership concentration can speed up implementation and decision-making. This is because large shareholders can agree and act without needing a lot of other shareholders' consent (Khlif, Ahmed, & Souissi, 2017).

Anchor investors can direct the company's long-term strategy and objectives when ownership is highly concentrated. In addition to providing additional information about the return and profits of the major shareholders, voluntary disclosure can also include information about this vision and future strategies. This increases decision transparency and provides insight into the expectations of the major shareholders for future growth and expansion (Jiang, Habib, & Hu, 2011).

Companies use voluntary disclosure as a means of sending positive signals to investors and shareholders about the quality of their performance and financial strength. In the case of concentrated ownership, where a small number of investors own a large share of the company, the signals sent by the company can be more credible and are considered a strong signal of the company's commitment to transparency standards. And quality leads to directing attention towards the key decision makers in the company. In addition to enhancing trust between the company and its main shareholders, it reflects a strong commitment to the common interest and achieves a balance between shareholders' interest and the company's interest (Jiang, Habib, & Hu, 2011)

H3: Concentration of ownership (CO) is positively associated with voluntary disclosure in Palestinian companies.

2.3.3.4 Foreign ownership

The term "foreign ownership" describes when individuals or entities from a country other than the one where the firm is headquartered own shares of the company. Acquiring foreign ownership can provide a company with significant advantages, such as access to new markets, technologies, and funding sources.

Numerous research studies have looked into the relationship between voluntary disclosure and foreign ownership. Ali et al.. (2007), for illustration, found a positive relationship between foreign ownership and the voluntary disclosure of information by Pakistani companies. The authors caution that foreign investors might expect more transparency and disclosure from the businesses in which they own stock.

According to Shi et al.. (2014), there is a positive relationship between voluntary information disclosure in Korean enterprises and the existence of foreign ownership. Foreign investors may be crucial in promoting business openness in developing nations, according to the authors' proposal.

H4: Foreign ownership (FO) is positively associated with voluntary disclosure in Palestinian companies.

2.3.4 Ownership structure, corporate governance, and voluntary disclosure

Corporate governance refers to the systems and practices facing the company and aims to ensure accountability and transparency and protect the interests of shareholders. Corporate governance emphasizes the commitment to disclose major shareholders with interested parties to ensure transparency and enhance the level of responsibility of the company's management and how decisions are made, which can be reflected in the company's performance and sustainability. Therefore, companies must comply with the laws and regulations to ensure transparency and accountability. Good disclosure about the ownership structure enhances shareholder confidence by providing a stable

operating environment, limiting unethical practices, and enhancing integrity and accountability (A (Akhtaruddin, Hossain, Hossain, & Yao, 2009).

The effect of corporate governance as an intermediary variable in explaining the relationship between ownership structure and voluntary disclosure represents an important combination and an important factor in several aspects of the company. Corporate social responsibility enhancing transparency and plays a vital role in achieving transparency in the company's operations and may impose strict standards for disclosure of ownership, ensuring accurate and comprehensive information transfer (Garcia-Torea, Fernandez-Feijoo, & de la Cuesta-González, 2017). Boone and White in (2015) studied the effect of institutional ownership on company transparency and production information using the Russell Index. It was found that high institutional ownership is significantly related to managerial disclosure and liquidity, which leads to decreased information asymmetry, and that high institutional ownership and an increase in the tendency of companies to provide voluntary disclosure through management expectations reduces the costs of collecting information, which increases the ability to evaluate managerial strategies. Management's earnings forecasts have become more accurate and timelier. Variations in trading and investment techniques imply that different institutional investor types have specific preferences and levels of influence over the creation of private vs public information. Corporate social responsibility helps companies to compliance with laws and regulations, it sets a framework for compliance with laws and regulations related to disclosure, provides accurate information, and stimulates sustainable interaction between the ownership structure and disclosure processes. Kiliç et al. (2015) examine the impact of ownership and board structure on corporate social responsibility (CSR) reports in the Turkish banking industry for the period from 2008 to 2012. The study's findings demonstrated that size, ownership distribution, board diversity, and composition all significantly improve banks' CSR disclosure. Because banks learn how to act morally toward their employees, the environment, the community, and their social vicinity before rules and regulations are created, corporate social responsibility (CSR) activities and related disclosures are crucial as a self-regulatory mechanism. Since openness lowers agency costs by closing the knowledge gap between managers and investors, it is necessary to publish company data, including corporate social responsibility reports. Corporate social responsibility also enhancing accountability and influences the direction of disclosure strategies and

determines the level of detail required. Corporate governance represents a key moderator that affects the relationship of ownership structure to disclosure processes by directing and stimulating the ownership structure. Corporate governance plays an important role in enhancing transparency and directing strategies, which contributes to attracting investors and building confidence in the financial markets. Khan et al., (2013) explore the relationship between corporate governance mechanisms and the extent of corporate social responsibility (CSR) disclosures in corporate annual reports in Bangladesh, the sample consists of all 135 manufacturing companies listed on the Dhaka Stock Exchange (DSE) in Bangladesh from 2005 to 2009. Using corporate governance features including administrative ownership, foreign ownership, public ownership, and the independence of the CEO and board of directors, the legitimacy theory framework is used to comprehend the scope of corporate governance. The findings demonstrated a negative correlation between the level of corporate social responsibility disclosure and managerial ownership. This indicates that a high manager ownership concentration causes businesses to underreport CSR disclosures since it makes them less engaged in social activities due to their domination over other investors. The sample companies in Bangladesh's export-oriented industries, however, disclose more CSR information despite the high level of managerial ownership, and the degree of CSR disclosure is positively impacted by both foreign and public ownership

Managers in public limited companies strive to achieve legitimacy by providing greater CSR disclosures. We find that corporate governance mechanisms such as the independence of the board of directors and the presence of the audit committee have a significant positive impact on levels of CSR disclosure.

The impact that company governance has on the choice to voluntarily release CSR reports is examined by Zhou (2019). utilizing a sample of Chinese manufacturing firms that were listed on public exchanges between 2010 and 2016. The findings indicated that the decisions of companies to provide voluntary CSR reports are highly influenced by ownership structure and board composition. Institutional investors are highly motivated to keep an eye on companies' disclosure policies and make their data more transparent. The decision to voluntarily share CSR reports is positively correlated with state ownership, institutional ownership, management ownership, and board size,

suggesting one potential approach to promote Chinese enterprises' voluntary disclosure of CSR reports and improve their information.

H5: corporate governance has a positive impact on the voluntary disclosure of listed companies on the Palestine Stock Exchange.

In general, corporate governance and ownership structure work together to promote administrative and business procedures founded on honesty and openness as well as enhance disclosure.

2.3.4.1 Institutional ownership, corporate governance, and voluntary disclosure

The relationship between institutional ownership and voluntary disclosure is illustrated by the potential of major shareholders to push the company to expand its degree of transparency and information sharing. Major shareholders are believed to have significant influence over the company and typically have a direct investment in its success and value. By using constructive pressure and supervision, they can encourage the company to increase the level of voluntary disclosure. As a result, large shareholders may implement policies that promote voluntary disclosure and openness, such as developing corporate governance guidelines that strengthen the company's obligation to investors and promote voluntary disclosure (Haniffa & Cooke, 2002).

Additionally, they can utilize their power to promote the usage of industry best practices and global disclosure standards. Furthermore, businesses with a high level of institutional ownership might be more motivated to preserve their standing and connections with shareholders, which could prompt them to make more voluntary disclosures in order to project a favorable management and performance image. By taking these actions, a business can gain the respect and trust of investors and shareholders, which will raise the company's market worth and valuation (Cheng et al/, 2022).

As a result, institutional ownership can serve as a catalyst for improving corporate governance and raising the bar for disclosure and transparency. This helps the business achieve stability and long-term success while also boosting trust between all stakeholders (Abu Qa'dan & Suwaidan, 2018)

H6: Corporate governance moderates the positive influence of Institutional ownership on voluntary disclosure. Therefore, Institutional ownership has a stronger positive effect on voluntary disclosure in companies that have a high level of corporate governance.

2.3.4.2 Foreign ownership, corporate governance and voluntary disclosure

Foreign ownership usually has varying effects on corporate governance, and the interaction between disclosure, corporate governance, and foreign ownership can be complicated. Particularly if they own sizable equity positions and their goals and interests diverge from those of local shareholders, foreign shareholders may have a substantial impact on business policies and decision-making. This could have varying effects on governance systems. Due to variations in national laws, regulations, and financial cultures, certain businesses may find it difficult to satisfy the demands of overseas shareholders (Shi, Kim, & Magana, 2014).

All things considered, the relationship among foreign ownership, corporate governance, and transparency can be intricately linked and rely on a number of variables, such as the financial culture in the relevant countries, company policies, the regulatory environment, and market expectations.

Conflicting interests between local and foreign shareholders can have a negative effect on the level of voluntary disclosure when foreign investors own a significant portion of the company. This is because they may have a desire to maintain greater privacy regarding operational and financial information, information that could affect their competitive strategies or reveal sensitive details that they would prefer to keep private, or specific desires and self-interests that are represented in their desire, for example, to achieve short-term financial returns at the expense of long-term sustainability. This is possible. Reduces the level of voluntary disclosure. There may be differences in legislative and regulatory requirements between different countries, which may result in a difference in the level of voluntary disclosure required (Huafang & Jianguo, 2007).

H7: Corporate governance moderates the positive influence of foreign ownership on voluntary disclosure.

2.3.4.3 Managerial ownership, voluntary disclosure and corporate governance

In the complicated business world of today, managerial ownership and voluntary disclosure are crucial components of a company's journey to success and sustainability. Voluntary disclosure becomes a potent instrument for establishing trust and enduring connections with shareholders and the financial community when managers have the correct mindset and a genuine desire to attain the company's sustainable success (Chen, Ding, & Xu, 2014).

Strong administrative ownership helps to improve voluntary disclosure since it encourages executives to give shareholders accurate and thorough information because they have a clear understanding of the company's goals and obstacles. Voluntary disclosure becomes a tool for increasing transparency and fostering trust when the vision and goals are widely understood (Kothari, Laguerre, & Leone , 2002).

The relationship between voluntary disclosure and managerial ownership is largely explained by corporate governance. It serves as the framework that establishes the obligations and interactions between the firm and external stakeholders, such as investors and shareholders, as well as between executive management and the board of directors. When properly regulated, they help firms increase their voluntary disclosure and transparency, which in turn builds trust among shareholders and other stakeholders (Huafang & Jianguo, 2007).

H8: Corporate governance moderates the positive influence of managerial ownership on voluntary disclosure. Therefore, managerial ownership has a stronger positive effect on voluntary disclosure in companies that have a high level of corporate governance.

2.3.4.4 Concentration ownership, corporate governance and voluntary disclosure

One of the main elements affecting company policy and disclosure procedures is concentrated ownership. A company's policies and procedures may be significantly impacted when a particular group of shareholders has a sizable portion of the company's ownership. Concentrated owners have significant influence on a company's policy because they are frequently regarded as important stakeholders. They typically hold themselves accountable to other shareholders for openness and accountability because they have a large investment in the company's success. Strong ties between owners and

executive management can be fostered through concentrated ownership. The corporation can be encouraged to raise voluntary disclosure levels in order to satisfy shareholder expectations and build trust when management and shareholders have solid, trust-based relationships (Khlif, Ahmed, & Souissi, 2017).

Corporate governance plays a crucial role in expressing the relationship between concentrated ownership and disclosure by defining responsibilities between the board of directors and shareholders, and significantly influences company policies, including disclosure practices. The Board of Directors must play an effective role in monitoring and reviewing the performance of executive management and ensuring that the legitimate interests of shareholders are achieved. When ownership is concentrated in a small group of shareholders or entities, the board can be independent to guide the company toward behaviors that reflect the public interests (Jiang, Habib, & Hu, 2011).

In general, the ownership structure and corporate governance combine to have an impact on improving disclosure and encouraging administrative and business practices based on transparency and integrity.

H9: Corporate governance moderates the positive influence of concentration ownership on voluntary disclosure. Therefore, concentration ownership a stronger positive effect on voluntary disclosure in companies that have a high level of corporate governance.

2.3.5 Company characteristics and voluntary disclosure

Although the research problem focuses on the impact of companies' ownership structure on voluntary disclosure, many factors affect voluntary disclosure, the most important of which is the characteristics of the company, which we will discuss briefly.

2.3.5.1 Company growth

The growth element is important in how companies choose to communicate information to the public. Company growth and voluntary disclosure is a multifaceted dynamic that reflects how a company's expansion and development influence its willingness to share information with the public. companies experiencing positive growth are often more likely to engage in voluntary disclosure. This is because sustained growth demonstrates a robust and successful company, which boosts investor confidence. Conversely, businesses that are struggling or seeing slow development could be more circumspect in

their voluntary disclosure. In these situations, businesses could restrict information exchange in order to allay investor concerns and minimize any unfavorable impressions (Alfaraih & Alanezi, 2011).

The market value to book value ratio is a financial measure that compares a company's market value to its book value, which provides an important insight into investors' perceptions and expectations (Alfaraih & Alanezi, 2011). This ratio compares the company's market value its current share price multiplied by the shares list to its book value the value of its assets minus liabilities). A value greater than one indicates this ratio the market values the company more than its accounting value, while a ratio lower than 1 indicates the opposite. Investors and stakeholders view the company as having a positive market value-to-book ratio, and this serves as an indication of future growth potential and in order to maintain with this positive image, these companies may participate in voluntary disclosure to enhance investor confidence (Nekhili, Boubakerb, & Lakhal, 2012).

Signaling theory can contribute to understanding how a company can use voluntary disclosure as a positive signal to investors about its growth and sustainability. Good voluntary disclosure is considered a positive signal that may positively affect the company's valuation and future vision (Cotter, Lokman, & Najah, 2011).

The company can also use voluntary disclosure to guide investors' expectations and better define its future growth strategy regarding its future performance and growth plans. When a company provides strong voluntary disclosure, it can influence the behavior of investors and other parties, which may lead to additional support for growth and expansion. Good disclosure can improve the company's overall image in the market and contribute to enhancing its reputation (Huafang & Jianguo, 2007).

Companies with a large market value may feel obligated to meet market expectations. Therefore, voluntary disclosure can be benefited by aligning it with investors' expectations, which reduces the possibility of surprises that may lead to negative reactions. Thus, voluntary disclosure becomes a tool for improving the company's position vis-à-vis its competitors and creating A positive image attracts more stakeholders. The impact of growth on voluntary disclosure is a multifaceted dynamic that reflects the extent to which a company's expansion and development influence its

willingness to share information with the public. Growth, whether in terms of revenue, market share or geographic scope, can have several implications for a company's approach to voluntary disclosure (Zobi, Al-Dhaimesh, & AllAn, 2023).

2.3.5.2 Profitability

Profitability is defined as the company's ability to make a profit from its business activity. It is considered an essential element in evaluating a company's performance, as a profitable company is supposed to be able to finance its investments and attain sustainability (Yusuf, Fodio, & Nwala, 2018)

Profitability plays a crucial role in motivating firms to make voluntary disclosure by attract investors: profitable companies are the focus of attention of investors and stakeholders and are therefore ready to provide voluntary information to stimulate investment, and improving the company's overall image: Large-scale companies seek to improve their image in the market and thus improve confidence between the company, investors and the public, and enhancing transparency: Profitable companies are often aware of the importance of building trust with stakeholders and provide information that confirms their commitment to transparency. Ultimately, profitability can be a powerful motivator for companies to enhance voluntary disclosure, enhance their reputation, and improve communication with investors and beneficial parties.

A profitable company indicates more efficient management and better performance. The opportunity for companies to grow comes through increased sales, which affects profitability. Therefore, shareholders must realize the financial profit from the company's trust, corporate governance, and building trust with customers, which in turn leads to improving the company's reputation and enhancing its competitive advantage (Kitsamphanwong, Pholkaew, & Ngudgratoke, 2021). Good-performing companies and high quality are more likely to reveal the mandatory and voluntary potential for future profits and improve the quality of financial statements to attract investors (Susetyo, Mutia, & Fuad, 2020).

Puaze (2018) presented research examining the impact of the level of voluntary disclosure and financial performance of industrial firms in Russia, for a sample of 35 companies, by calculating the percentage of return on assets and return on equity and

control variables (company size, company age, ownership, and board size), for the period between 2014-2017. Shotar's (2001) model was used to measure voluntary disclosure (19.86%), and concluded that there is a statistically significant link between the level of voluntary disclosure and return on equity, it explained a negative phenomenon represented by the lack of disclosure of market share information.

Richard (2017) researched the association between voluntary disclosure and financial performance for a sample of 20 Australian companies from 2015-2017. It measured the voluntary disclosure variable with its dimensions represented in general information about the company, information about the company's management, social and environmental responsibility, and additional analyzes of information from the lists (Finance, auditing system, future information, disclosure of internal transactions, disclosure of fundamental events, and shareholder protection rules). Return on equity and return on assets were used to gauge financial performance.

The study concluded that the greater companies' disclosers' voluntary information, the more it contributes to increasing the level of financial performance. The level of disclosure of future information was at the first level, and the study emphasized the necessity of disclosing the applied practices of corporate governance to achieve effective communication with shareholders, evaluate the performance of the board of directors, and disclose the remuneration of executive directors.

There may be cases in which the company's profitability is high, so it reduces voluntary disclosure. Although profitability often stimulates transparency, companies with high profitability may feel that they do not need to do more disclosure, as they feel comfortable about their performance and may resort to avoiding excessive disclosure to avoid legal risks. Or the negative effects on its reputation, it is worth noting that these matters may not apply to all companies with high profitability because they may be committed to voluntary disclosure practices to improve their relationships with investors and society.

Yusuf et al. (2018) investigate how financial performance affects voluntary disclosure for financial firms that were listed between 2008 and 2017 on the Nigerian Stock Exchange. A random sample of forty-five was chosen. The findings demonstrated that voluntary disclosure of financial firms listed in Nigeria is not significantly impacted by

financial performance. The study suggested that the regulatory bodies in charge of overseeing the data revealed in financial reports examine their disclosure policies and incorporate clauses pertaining to voluntary disclosure.

2.3.5.3 Leverage

Financial leverage for companies refers to the use of debt or borrowing to finance their activities and investments. Companies that rely heavily on debt have high financial leverage. Financial leverage affects voluntary disclosure, as the use of debt increases financial risks, and thus increases the need for additional disclosures to investors and stakeholders. Increasing debt can affect investors' evaluation of the company and makes voluntary disclosure important for clarifying financial strategies and how to manage risks (Barnawi & Abdullah, 2023). Agency theory is used to express the link between financial leverage and voluntary disclosure by focusing on the potential conflict between the company's owners and its management. When financial leverage is high, the economic impact of debt increases, and thus the conflict between owners and creditors increases and the need for accurate disclosures about the actual use of debt and how to manage it to reduce its financial risk and return (Susetyo, Mutia, & Fuad, 2020).

High levels of financial leverage result in high agency costs, and to lower their cost of capital and meet creditors' information requirements, these firms are likely to voluntarily release more information (Lan, Wang, & Zhang, 2013). An examination of the factors influencing voluntary disclosure for 1,066 Chinese companies listed on the Shanghai and Shenzhen stock markets is presented by Lan et al. (2013). This extensive sample is representative of over 80% of China's public enterprises. According to our research, the size, leverage, and current assets of a corporation are all positively correlated with voluntary disclosure in China. In order to draw in investors, Chinese-listed businesses seek to issue more shares. Businesses are encouraged to reveal more information than is required by future search engines in order to win over investors. Therefore, when the company provides a detailed analysis of its financial performance, its capital structure, and the factors that affect the company, it thus provides directions and clarifications for investors to understand the vision and strategies, build long-term relationships with investors, and gain their trust.

For the year 2010, Uyar et al. (2013) investigated the variables influencing the degree of voluntary information disclosure of Turkish manufacturing firms listed on the Istanbul Stock Exchange (BEST). According to the findings, financial leverage quantifies the long-term risks associated with a company's financial structure and describes it. The relationship between financial leverage and corporate disclosure has mostly been explained by agency theory in earlier research. Reducing knowledge asymmetries and avoiding agency costs are two benefits of information disclosure. Businesses that have more debt in their capital structure are more susceptible to increased agency fees. In order to meet the information requirements of creditors, leveraged enterprises are required to provide additional information.

Financial leverage is linked to challenges and negative effects on the company's disclosure processes. When the company's level of financial leverage increases, this means that the company has used large amounts of debt, and this increase can have negative effects on the disclosure process, this consistent with Ghasempour & MdYusof (2014) who examine voluntary corporate reporting and analyzed the effects of company fundamentals on such reporting, The study population consisted of 65 Iranian companies in various sectors during an 8-year period extending from 2005 to 2012. The results of the study indicated that that earnings volatility, company size, business complexity, and company value had a significant positive effect on voluntary disclosure, while financial leverage hurt voluntary disclosure because companies' highly leveraged companies are very sensitive to any impact of additional information and could negatively affect their value. Companies may fear the competitive challenges that arise and debt strategies.

The company's management faces a major challenge in achieving a balance between financial leverage and disclosure, and this forces management in companies to build their decisions in a balance between disclosure requirements and preserving the interest of the company and investors, and to determine their main goals and understand how levels of financial leverage can contribute to achieving this goal and how Reducing these risks, dealing with them effectively, and providing accurate disclosure about the debt capital structure to enable investors to understand the company's obligations and its ability to repay, which enables it to build confidence with investors and stakeholders. In addition, voluntary disclosure can be a means of improving trust between company

owners and agents by clarifying strategies and directions that achieve a balance between the interests of the owners and the requirements for financial leverage.

2.3.5.4 Size of the company

The size of the company refers to the size and scope of the company's business and can be measured by different standards. It plays an important role in voluntary disclosure, as large companies are usually legally obligated to provide more detailed reports, but small companies are less detailed. The size of the company contributes to determining the extent of its influence and the impact of its decisions for investors and stakeholders (Uyar, Kilic, & Nizamettin, 2013).

Naran (2013) investigates the connection between voluntary disclosure and firm size, as well as how these factors affect Kenyan commercial banks' financial performance between 2008 and 2011. In order to measure voluntary disclosure and firm size and how they impact performance, this study looked at financial and strategic disclosure, general disclosure, forward-looking disclosure, and board of directors' disclosure. Return on equity was used to gauge the financial performance of Kenyan commercial banks. Out of 44 commercial banks, a sample of 17 was used for the study. The study came to the conclusion that in order for businesses to perform better, they should disclose social and financial information as well as information to the board of directors.

The study discovered an important connection between financial performance, company size, and voluntary disclosure. Companies are required to disclose more information asymmetry, which lowers the cost of capital. Assets, a proxy for company size, showed a favorable correlation with the financial performance of the company.

In a study conducted by Kurniawanto & Rahayu (2021) in testing the relationship between company characteristics (such as company size and sector type) and the level of risk disclosure, in which he explained that the level of disclosure represents an important point for investors and stakeholders because of its important impact on rational decision-making, he took a sample of Indonesian companies. For the period from 2019-2020 It was discovered that the degree of disclosure and the company's size are positively correlated.

The factors influencing the level of voluntary disclosure for many Turkish industrial companies for the year 2010 are examined by Uyar et al. (2013). The results indicated that the size of the company, the quality of the audit, the level of independence of board members, institutional ownership, and the level of corporate governance have a positive impact on the level of voluntary disclosure of information.. The findings indicated that factors such company size, audit firm size, percentage of independent directors on the board of directors, and institutional ownership were positively correlated with the voluntary degree of information disclosure. The study indicated that large companies are likely to realize the potential benefits of voluntary disclosure of information that enhances investor confidence in the company, which may lead to easier access to financing and increased competitiveness. On the other hand, small companies may see that increasing the level of disclosure of information about their financial and market situation may harm their competitive position. In addition, large companies may be more vulnerable to public scrutiny than their smaller counterparts, which prompts them to increase the level of information disclosure. On the other hand, large companies are characterized by being more complex in their financial structure and commercial activity, which requires more information disclosure.

King et al. (1990) investigated the relationship between disclosure and company size. Their study of the so-called transaction cost hypothesis indicates that the level of disclosure increases with the size of the company. As the size of the company increases, the need to provide expanded and more detailed disclosure usually increases due to the complexity of its structure and its economic and financial impacts. Large companies in Size: You conduct multiple business operations and generate significant revenues. The incentives to obtain private information are greater for large companies. An alternative explanation is the legal cost hypothesis (Hendriksen & Van Breda, 1992), which posits that disclosure increases with firm size because the dollar value of securities-related compensation depends on firm size.

The size of the company can negatively affect financial disclosure. Large companies with a complex structure and huge operations face challenges in disclosure processes as a result of several factors, including the complexity of their data. It is difficult for them to prepare detailed reports and understand them fully, and it is difficult to provide accurate details for each aspect of the disclosure's huge finances (Naran, 2013). In small

companies, voluntary information disclosure is relatively high compared to large organizations, both in terms of collection and ownership costs. In addition, larger firms may have high advantages to be gained from effective disclosure in terms of ease of marketability of securities and as a result, lower uncertainty. They may also be closely monitored by the government and, therefore may feel that by improving their reporting the pressure exerted by government agencies will be reduced (Uyar, Kilic, & Nizamettin, 2013). Watson & Marston (2002) examine whether voluntary disclosure of corporate ratios in annual reports could be explained by agency and signaling theory for large British companies for five years 1989-1993, the results showed that companies felt justified and did not need to make further disclosures to legitimize themselves. Companies that are exposed to political attacks will be motivated to disclose less information, to reduce the possibility of political action being taken against them.

To overcome these challenges, large companies must improve disclosure procedures and rely on technology to facilitate the preparation process and verify accuracy.

2.3.5.5 Age of the company

The size of the company refers to the size or scope of activities, assets, and revenues that the company owns or manages. The size of the company is expressed by several elements such as total assets and annual revenues (Bueno, Marcon, Pruner-da-Silva, & Ribeirete, 2018). Large enterprises are often characterized by the diversity and complexity of their operational processes. From the perspective of agency theory, managements tend to move toward disclosing risks for several reasons, including meeting the needs of investors and stakeholders, thus increasing the trading volume of their shares, and reducing the degree of information asymmetry between management and owners (Akhtaruddin, Hossain, Hossain, & Yao, 2009).

Many previous studies indicate that historically established or older companies have a higher level of voluntary disclosure compared to their counterparts from modern companies. This is due to the ability of early companies to collect and analyze data, their low cost, and their stability in the market, unlike modern companies that fear the competitive harm that may occur due to an increased level of information disclosure. This is consistent with (Hossain & Hammami, 2009; Najm-Ul-Sehar & Tufail, 2013; Habbash et al., 2016).

The impact of company age on voluntary corporate social disclosure across a subset of manufacturing listed businesses on the Nigerian Stock Exchange is investigated by Okoye & Adeniyi (2018). According to the study, there is no discernible positive correlation between a company's age and voluntary corporate social disclosure, voluntary economic disclosure, voluntary social disclosure, or voluntary environmental disclosure. Therefore, startups report on their CSR in the same way that legacy corporations do. Nevertheless, there are differences amongst corporations in the economic, environmental, and social performance metrics that are presented in their financial statements and annual reports.

Therefore, it can be expected, in light of signaling theory and agency theory, that the relationship between the size of the company and accounting disclosure will be a direct relationship. The larger the size of the companies, the greater the disclosure process.

2.3.5.6 Auditor Quality

The quality of the auditor expresses the capabilities and practices that the auditor follows to ensure the performance of an effective and accurate audit (Agyei-Mensah, 2019). The quality of the auditor depends on several factors, including the skill and competence of the auditor, his independence, effective assessment of risks, and his compliance with auditing standards. A high-quality auditor increases the level of confidence in audited financial reports, positively affects voluntary disclosure, and contributes to improving the transparency of information, which positively affects compliance and appropriate disclosure. A competent auditor helps in identifying risks at an early stage, and this helps and allows the company to enhance its disclosure about these risks in a way. Effective, which reflects positively on the company's position in the market and the impression of those who continue and stakeholders (Rajgopal, Srinivasan, & Zheng, 2021).

The audit committee is essential to corporate governance because it maximizes internal control of the business's operations and helps to improve the connection between the company's internal and external auditors. Since the company's financial statements are routinely reviewed and aid in boosting investor trust, which has a favorable impact on the company's worth and performance, the caliber of the auditors influences how well the business performs (Faradisi, 2020). According to agency theory, having an audit

committee will improve the quality of disclosure by lowering managerial opportunism and knowledge asymmetry. According to Faradisi (2020), the existence of an audit committee affects how much information a corporation discloses. Ownership and control separation issues within the agency also result in the need for outside. The audit function helps in minimizing information asymmetries and conflicts of interest between management and shareholders. Therefore, the audit process is supposed to help as a monitoring mechanism by helping to improve the quality of voluntary information disclosure (Kumar, 2024)

Chalmers & Godfrey (2004) demonstrate that larger (“large”) audit companies enhance the quality of earnings for their stakeholders and help reduce the problem of information asymmetry between managers and stakeholders. Today, there are four main international networks of auditors, the “Big Four”. These specialized audit companies achieve cost savings, while at the same time providing better quality of service due to their knowledge of the industry. Also, the specialization of auditing companies in a particular sector gives them a better reputation, and to maintain this reputation, they must provide better service because they will be exposed to a greater loss in the event of failure.

Mitchell et al. (2008) evidenced that the relationship between the audit committee and audit quality can improve the quality of published financial statements and provide evidence that companies choose auditors as part of their disclosure strategy.

Shaker et al. (2023) show that the size of the auditing companies and effective auditing have an impact in ensuring good voluntary disclosure of information and efficient and high-quality auditing tends to raise the level of auditing inside the organization.

The quality of auditors can negatively affect voluntary disclosure in some cases, when the auditor is conservative or strict about audit procedures, there is less emphasis on voluntary disclosure. The senior auditor focuses largely on compliance with accounting standards, which reduces his interest in additional information. It is also the approach of the strict auditor. There may be challenges with management, and there may be laxity in sharing additional information (Jung, 2018).

However, it is worth noting that these cases may not necessarily apply to all auditors, as auditors usually strive to ensure quality in auditing while paying attention to voluntary disclosure. Hence, we expect that quality of the auditor has a positive impact on the voluntary disclosure of listed companies on the Palestine Stock Exchange

2.4 Conceptual framework

Figure (2.1)

Conceptual framework

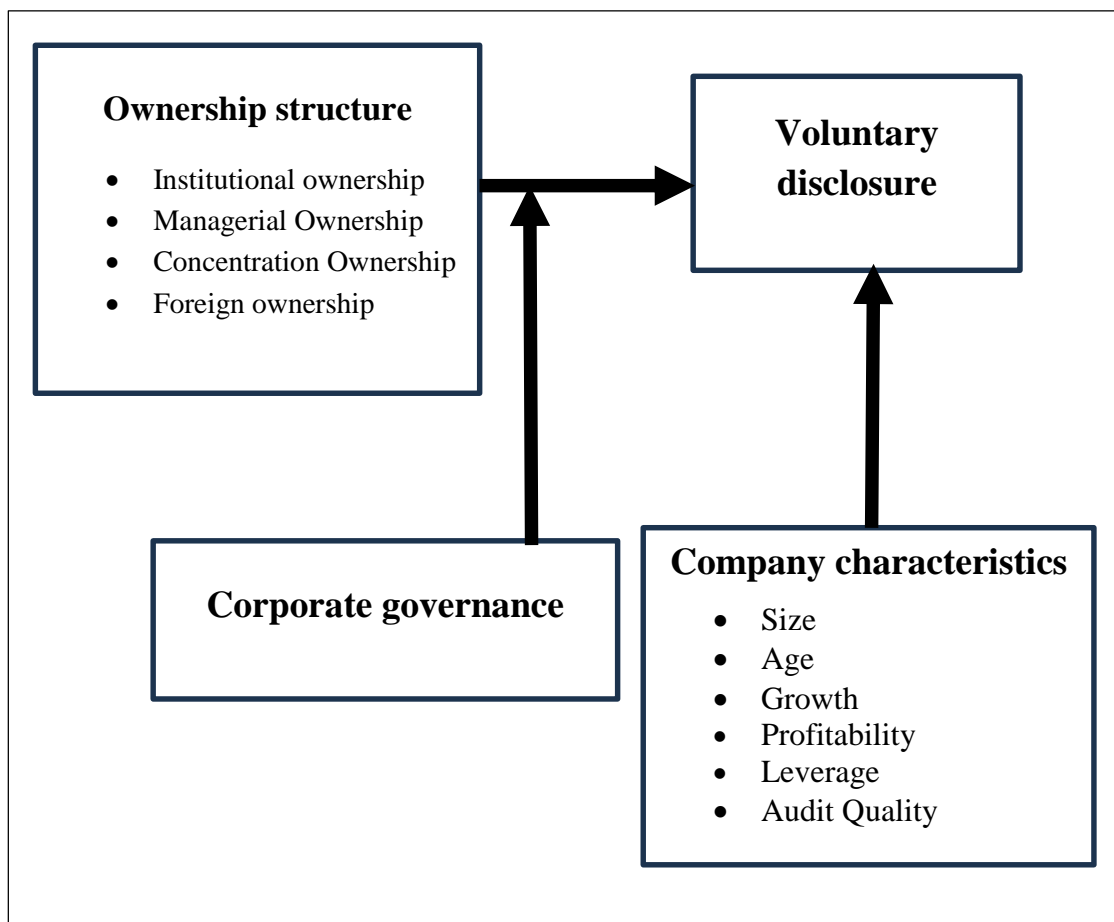


Figure 1, presents the conceptual framework of the study, where voluntary disclosure represents the dependent variable and ownership structure is an independent variable, and the relationship between them is tested according to the first and second hypotheses. Corporate governance represents an intermediary variable that may affect the relationship between ownership structure and voluntary disclosure, as it will be tested according to the third hypothesis: Company characteristics represent other variables that have an impact on voluntary disclosure, which will be tested according to the remaining hypotheses.

Chapter Three

Methodology

3.1 Introduction

This section presents a plan for conducting a practical model capable of answering the questions of the study, which center on the impact of ownership structure on voluntary disclosure in non-financial companies listed on the Palestine Stock Exchange and the moderating role that corporate governance plays in this relationship. These procedures include selecting the study sample and identifying study variables capable of expressing theoretical concepts and methods for measuring them, and finally designing a specialized model that can be tested to reach conclusions capable of answering the study questions

3.2 Research type

As it aims to analyze and explore the nature of the link between the ownership structure and voluntary disclosure, this research is regarded as explanatory research. The study is also quantitative because it primarily relies on analysis, quantitative, and numerical data gathered from secondary sources, such as released statistics by Palestinian businesses.

3.3 Population and Sampling

The study population includes all companies operating in the Palestinian economy from various sectors (industrial sector, investment sector, service sector, and insurance sector) during the period 2010-2021, where the banking sector was excluded due to the different nature of its capital structure and the regulatory bodies and laws with which it complies.

The sample included most of the companies operating in the sectors mentioned above, where the criterion for taking companies into the study sample included that the companies had not exited the Palestinian market before 2021 and had at least 8 recent observations, i.e. from 2014 to 2021. Therefore, companies that exited the market before the end of the study period and very recent companies that did not achieve at least 8 observations were excluded where 3 companies were excluded out of 41 companies distributed equally in the industrial, investment and insurance sectors.

Table (3.1)*Sample of study*

Sector	Number of sectors Companies	Sample	Representation	Years
industrial sector	13	12	92%	2010-2021
investment sector	10	9	90%	2010-2021
services sector	10	10	100%	2010-2021
Insurance sector	8	7	88%	2010-2021
Total	41	38	92.6%	2010-2021

Table (3.1) above displays the number and percentage of companies that were taken as a sample from each sector. This included 38 companies distributed over four different sectors during a period of 12 years from 2010-2021, with 448 views. We also lost 8 views out of 456 due to the newness of some of the companies that were sampled, such as the Takaful insurance company and others, whose observations did not cover the entire study period.

3.4 Data collection

The study sample relied on secondary data collected from various sources, including the annual financial final reports issued by companies at the end of each year which were obtained from companies' websites and from the Palestine Stock Exchange, through which data were collected related to the company's profitability, the size of its assets, the age of the company, the number of shares issued by the company, the book value of the value of equity and ownership by the board of directors

Information related to the ownership structure, which includes institutional ownership and foreign ownership, was obtained from the company's annual publications, which it provides to the Palestine Stock Exchange. The Palestine Stock Exchange also obtained the company's share price to find its market value.

3.5 Methodology

To achieve the goal of the study in answering its questions, including knowing the impact of ownership structure on the voluntary disclosure of Palestinian companies and the moderating role that corporate governance plays in this relationship, and due to the nature of the panel data that represents the data of the study sample and according to

what was indicated by many previous studies (Yusuf et al., 2018; Kitsamphanwong et al., 2021; Susetyo et al., 2020; Puaze 2018), a linear regression model (Panel ordinary least squares method (Panel OLS)) was adopted to estimate the model.

To ensure the correct implementation of the test, all conditions and controls required by the linear regression model in the ordinary least squares method (OLS) must be taken into account, the most important of which ensures the no multicollinearity and the absence of problems of heteroscedasticity, serial autocorrelation, and also the correct comparison between panel data models, which includes The Pooled effect model, Fixed effect model, and Random effect model, Which must be taken into account to estimate the model correctly.

3.6 Definition and measurement of study variables

This section presents the study variables, their classification and definition according to previous studies, and the mechanism for measuring them so that they become testable.

3.6.1 Dependent variable

Voluntary disclosure: it indicates the extent to which the company contributes to the voluntary disclosure of its financial and social information, which is not obligatory according to legal regulations, to stakeholders, whether investors, clients, or government agencies, where the company's interest in voluntary disclosure contributes to enhancing the confidence of investors and stakeholders in the company, which enhances its investment capacity, obtains optimal financing sources, and enhances its competitive capabilities (Yusuf et al., 2018; Kitsamphanwong et al., 2021; Susetyo et al., 2020; Puaze 2018), where it was measured by checklist List (Abu Alia, Abdeljawad, Jallad, & Rashid, 2022).

It was measured by the extent to which there was a level of voluntary disclosure in the financial reports of Palestinian companies, where the value was given as 1 if each characteristic of voluntary disclosure was present in the company, and the value was 0 in the absence of this characteristic. Then, the arithmetic average of these characteristics was taken to obtain a percentage or index that reflects the level of voluntary disclosure in Palestinian companies. Appendix 1 indicates the measure of the level of voluntary disclosure

3.6.2 Independent variables

Institutional ownership (IO): refers to the amount or ratio of shares owned by institutions and companies to the total outstanding shares of the company, where the institutional investors have a greater incentive to monitor a company's financial reporting practices and ensure that the company is transparent and accountable. As a result, companies with a higher level of institutional ownership may be more likely to disclose information voluntarily to their shareholders and other stakeholders.

Foreign ownership (FOO): It refers to the number of shares owned by foreign investors, whether individuals or institutions, where the foreign investors may have higher standards for corporate governance and financial reporting practices. As a result, companies with a higher level of foreign ownership may be more likely to disclose information voluntarily to their shareholders and other stakeholders (Ali et al., 2007; Shi et al., 2014).

management ownership (MO): It refers to the number of shares owned by Board of Directors (company management) The successful company management has a desire to expand voluntary disclosure to increase shareholders' confidence in the company's activities and management and increase transparency (Ali et al., 2007; Shi et al., 2014).

Whether individuals or institutions, where the foreign investors may have higher standards for corporate governance and financial reporting practices. As a result, companies with a higher level of foreign ownership may be more likely to disclose information voluntarily to their shareholders and other stakeholders (Ali et al., 2007; Shi et al., 2014).

Concentration of ownership (CO): This percentage refers to the total shares owned by major shareholders who own 5% or more of the company's shares, where the concentration of ownership increases voluntary disclosure, the presence of major shareholders or entities that own a large share of the company can lead to an increase in the company's willingness to voluntarily disclose additional and detailed information about its financial situation and performance, which contributes to building trust with shareholders (Jiang et al., 2011; Khlif et al., 2017; Jiang et al., 2011).

3.6.3 Control variable

Corporate governance refers to the degree of the company's compliance with the principles and laws established by regulatory authorities that aim to enhance oversight, transparency, and accountability related to the decisions of the Board of Directors. where corporate governance is the process that keeps managers from expropriation of shareholders, by increasing the disclosure of information, which leads to increasing the value of the company and reducing information asymmetry, disclosure standards are considered important in corporate governance, which refers to the devices and structures that work to examine administrative behavior and provide a framework for internal control to reduce agency problems and opportunistic behaviors of the manager. Sound corporate governance mechanisms are treated as a signal that the firm has good management and better monitoring, which are viewed as indicator to more voluntary disclosures (Akhtaruddin et al., 2009; Garcia-Torea et al., 2017; Zhou, 2019). where it was measured by a checklist List (Abu Alia, Abdeljawad, Jallad, & Rashid, 2022), which was explained in Appendix 2

It was measured by ensuring the presence of corporate governance elements in the financial reports of Palestinian companies represented in Appendix 2, where the value was given as 1 if this element was present and the value was 0 if this element was not present. Then the arithmetic average was taken to obtain a ratio or index that reflects the level of voluntary disclosure in Palestinian companies.

Size Company: It may refer to several concepts that may reflect the amount of sales, market share, or size of this business relative to the existing assets in the business, which were adopted in our research, where the larger companies may face greater scrutiny from their stakeholders and may have more resources to devote to financial reporting practices. As a result, larger companies may be more likely to disclose information voluntarily to their shareholders and other stakeholders (Uyar et al., 2013; Naran, 2013; Kurniawanto & Rahayu 2021; Uyar et al., 2013; Watson & Marston 2002)

Age Company: It expresses the company's age in the financial market, where the older companies may have a longer track record of transparent financial reporting practices, which may have become ingrained in the company's culture. As a result, older companies may be more likely to disclose information voluntarily to their shareholders

and other stakeholders (Hossain & Hammami, 2009; Najm-Ul-Sehar & Tufail, 2013; Habbash et al., 2016).

Audit quality: It refers to the efficiency of the parties or companies that work to audit the financial reports of companies. This concept was measured with a dummy variable that gives a value of 1 if the company's financial reports were audited by the largest auditing companies in the world and a value of 0 otherwise, where the audit quality plays a crucial role in corporate governance, helps to strengthen the relationship between the company's internal auditor and external auditor and optimizes the internal oversight of the company's operations. The quality of auditors plays a role in developing the company's performance, as the company's financial statements are regularly examined and help the company enhance investor confidence, which reflects positively on the company's value and performance (Faradisi, 2020; Wardhani, 2019; Shaker et al., 2023; Jung, 2018).

Company growth: It expresses the extent of growth in the company's operational activity and the extent of its expansion or contraction over time, and it was measured by Tobin's Q ratio, which reflects the growth occurring in the company's future financial decisions, instead of the growth rate in sales, which reflects the growth occurring in past periods only, where the growth is important in how companies choose to communicate information to the public. Thus, company growth and voluntary disclosure is a multifaceted dynamic that reflects the extent to which a company's expansion and development influences its willingness to share information. Public companies that are experiencing positive growth are often more likely to engage in voluntary disclosure. This is because continued expansion indicates a healthy and thriving business, which enhances investor confidence. On the other hand, companies facing challenges or experiencing negative growth may be more cautious in their voluntary disclosure. In such cases, companies may limit information sharing to mitigate potential negative perceptions and avoid worrying investors (Alfaraih & Alanezi, 2011).

Financial leverage: It refers to the amount of debt in the company's capital structure or the extent to which the company relies on debt to finance its operational activities, where the firms with a high degree of financial leverage incur high agency costs, and these firms are likely to disclose more information voluntarily to satisfy the information

requirements of creditors and reduce their cost of capital (Barnawi & Abdullah, 2023; Susetyo et al., 2020; Lan et al., 2013; Ghasempour & MdYusof, 2014).

Profitability: It refers to the amount of accounting profit achieved by the company as a result of its operational activities. Return on assets and return on equity are considered among the most famous accounting measures of company profitability, where the profitable companies may have a greater incentive to disclose information voluntarily to their shareholders and other stakeholders. As a result, more profitable companies may be more likely to disclose information voluntarily to their shareholders and other stakeholders. Therefore, the more successful a company is, the more likely it is for its managers to recognize the potential advantages of better transparency, and the more likely it is for small businesses to believe that complete disclosure of information could jeopardize their ability to compete. As a result, it is projected that the volume of social responsibility disclosures will positively correspond with the influence of corporate size (Yusuf et al., 2018; Kitsamphanwong et al., 2021; Susetyo et al., 2020; Puaze 2018).

Table (3.2)*Measuring study variables*

Variable	Variable type	Measurement	References
Voluntary Disclosure (VD)	Dependent variable	A checklist to measure the level of voluntary disclosure	(Abu Alia et al.,2022)
Foreign Ownership	Independent variable	The total number of shares owned by foreign investors, companies, and individuals/number of shares outstanding	(Ali et al.,2007; Shi et al., 2014)
Institutional ownership (IO)	Independent variable	The total number of common stock that these businesses (institutions) owned or held at the end of the financial year/number of shares outstanding	(Barako, D. G. 2006).
Concentration of ownership (CO)	Independent variable	Number of shares in the hands of major shareholders who own more than 5%/number of shares outstanding	(Ahmadi Ali, 2014)
Managerial ownership (MO)	Independent Variable	the percentage of issued shares owned by all BOD members, also known as managerial ownership.	(Tian, G., Ruan, W., & Ma, S. 2011).
Corporate governance	Independent and moderating variable	A checklist to measure the level of corporate governance which was explained in Appendix 2	Abu Alia et al.,2022 Garcia-Torea et al., 2017 Zhou, 2019).
Audit quality	Control variable	A dummy variable gives a value 1 if the four largest auditing companies audit the company and gives a value 0 otherwise.	Faradisi, 2020 Wardhani, 2019
Firm size (FS)	Control variable	Natural logarithm of total assets.	(Aktaruddin, 2009)
Firm Age	Control variable	The natural logarithm of the company's age or the natural logarithm of the company's listing age on the stock exchange	Hossain & Hammami, 2009 Habbash et al., 2016
Tonin Q (market to book ratio)	Control variable	The market value of the company / the book value of the company Or ((price share * number of shares outstanding) + book value of liability) / book value of assets	Alfaraih & Alanezi, 2011
Financial leverage	Control variable	Total liability / total assets	Susetyo et al., 2020 Lan et al., 2013
Profitability (ROA)	Control variable	Net income / total assets	Kitsamphanwong et al 2021 Susetyo et al., 2020

Table (3.2) above shows the measurements of the research variables according to what was adopted in many previous studies

3.7 Model of study

In order to achieve the main objective of the study to know the effect of ownership structure on voluntary disclosure and the moderating role that corporate governance plays in influencing this relationship, the study model was designed in two models.

3.7.1 First model

$$VD = \alpha + \beta_1 IO_{it} + \beta_2 FO_{it} + \beta_3 MO_{it} + \beta_4 CO_{it} + \beta_5 CG + \beta_6 AQ_{it} + \beta_7 AGE_{it} + \beta_8 SIZ + \beta_9 LEV_{it} + \beta_{10} \text{Tobin Q} + \beta_{11} ROA + \varepsilon_{it} \dots \text{Eq1}$$

The above statistical equation 1 was designed to determine the effect of the forms of ownership structure, which represent (institutional ownership IO, foreign ownership FO, management ownership MO and concentration of ownership CO), on the voluntary disclosure of companies listed on the Palestine Stock Exchange, where α indicates constant term or intercept, β_1, \dots, β_x is regression coefficient, ε_{it} is error term, VD is voluntary disclosure, IO is institutional ownership, FO is foreign ownership, CO is concentration of ownership, MO is management ownership, CO is corporate governance SIZ is the company's size, AGE is the company's age, Tobin Q is the company's market growth rate, ROA is the company's profitability, which is represented by the return on assets, LEV is financial leverage, and AQ is audit quality.

3.7.2 Second model

$$VD = \alpha + \beta_1 IO_{it} + \beta_2 IO_{it} * CG_{it} + \beta_3 FO_{it} + \beta_4 FO_{it} * CG_{it} + \beta_5 MO_{it} + \beta_6 MO_{it} * CG_{it} + \beta_7 CO_{it} + \beta_8 CO_{it} * CG_{it} + \beta_9 CG + \beta_{10} AQ_{it} + \beta_{11} AGE_{it} + \beta_{12} SIZ + \beta_{13} LEV_{it} + \beta_{14} \text{Tobin Q} + \beta_{15} ROA + \varepsilon_{it} \dots \text{Eq2}$$

Equation 2 above was designed to determine the moderating role of corporate governance plays in the relationship between the ownership structure represented by (institutional ownership, foreign ownership, and ownership concentration), on the voluntary disclosure of companies listed on the Palestine Stock Exchange, where α indicates constant term or intercept, β_1, \dots, β_x is regression coefficient, ε_{it} is error term, VD is voluntary disclosure, IO is institutional ownership, FO is foreign ownership, MO

is management ownership, CO is concentration of ownership, CG is corporate governance SIZ is the company's size, AGE is the company's age, Tobin Q is the company's market growth rate, ROA is the company's profitability, which is represented by the return on assets, LEV is financial leverage, and AQ is audit quality., IO*CG is the interactive relationship between institutional ownership and corporate governance, FO*CG is the interactive relationship between foreign ownership and corporate governance, MO_i*CG_{it} is the interactive relationship between management ownership and corporate governance and CO*CG is the interactive relationship between ownership concentration and corporate governance.

Chapter Four

Analysis results and Conclusions

4.1 Introduction

This chapter presents all the statistical procedures to test the study model to reach answers to the study's questions in knowing the effect of ownership structure on the voluntary disclosure of Palestinian companies and verify the moderating role that corporate governance plays in the relationship between ownership structure and the level of voluntary disclosure. This chapter includes descriptive statistics and the correlation matrix. And estimate the study model.

4.2 Descriptive statistics

Descriptive statistics are considered one of the most important statistical tools in knowing the characteristics of the study sample, as it gives an initial impression of the nature of the study sample data and the possibility of comparing it with a sample of similar studies. The average ownership concentration of 0.597 indicates that the majority of Palestinian companies' shares are owned by large shareholders who may play a major role in influencing the company's management and controlling its financial and investment decisions.

Table (4.1)

Descriptive statistics

Variable	Observation	Mean	Std. Dev.	Min	Max
VD Index	457	0.387	0.176	0	0.743
CG index	457	0.595	0.229	0	1
Institutional ownership	411	0.532	0.309	0	0.995
Foreign ownership	411	0.248	0.272	0	0.925
Managerial ownership	439	0.292	0.308	0	0.997
Ownership concentration	397	0.597	0.239	0.064	0.99
Quality of auditor	457	0.72	0.45	0	1
Ln age	457	3.043	0.621	0	4.331
Size	457	17.3	1.499	13.561	20.744
leverage asset	457	0.395	0.234	0	1
Tobi's	457	1.011	0.382	0.065	2.82
ROA	457	0.032	0.076	-0.622	0.558

Table (4.1) shows descriptive statistics for the data of Palestinian companies listed on the Palestine Stock Exchange. It is noted that the average voluntary disclosure for Palestinian companies is 0.387, which may indicate that there is a fair percentage of Palestinian companies seeking to increase transparency and trust with relevant parties, especially investors. Although the percentage of voluntary disclosure increased significantly in the leading companies in the Palestinian market, such as the Palestine Telecommunications Company and PADICO Holding Company, reaching a percentage of 0.743 at its highest levels, on the other hand, some companies did not give voluntary disclosure any consideration and were content with legal disclosure according to the instructions of the Authority Capital market.

The average corporate governance index was 0.595, which indicates a high percentage of companies' commitment to corporate governance standards, as this percentage reached 100% in leading companies but some companies did not give importance to corporate governance.

The average institutional ownership reached 0.532 and its maximum value was 0.995, which indicates that many companies are operating in the Palestinian market that are majority-owned by other institutions and companies and under their control, where the table (1) in the appendices indicates the nature of institutional ownership in the various companies in the sample throughout the study period, where this percentage in some companies reaches more than 90%, such as the National Abraj Company and Oredoo Company, which gives the impression of the possibility of the existence of multiple forms of companies in terms of control, such as Holding companies as PADICO which owns other affiliated companies such as Aziza Poultry Company subsidiaries that are under the control of other companies or companies with ownership dispersed among different institutions are able to manage them more efficiently and effectively than individuals due to their possession of diverse competencies that they are able to train and qualify.

Foreign ownership has a statistical average of 0.272 and a maximum value of 0.925, which indicates the interest of foreign investors in the Palestinian market to the point of owning or controlling local companies, which gives the impression of the existence of an ideal investment environment in Palestine that may achieve better returns than the

markets of other countries that may be This reason may be related to the fact that emerging markets often achieve high returns, but they also carry high risks.

The average audit quality indicates that 0.72 of the Palestinian companies audit their financial statements with the four major international auditing companies, which gives the impression of high reliability in the financial statements published for Palestinian companies. The average Tobin's Q ratio of 1.011 indicates that, on average, public shareholding companies operating in Palestine have a market value higher than the book value, which indicates the success of their investment decisions in an attempt to gain the expected growth opportunities. However, the criterion for the success or preference of this ratio is subject to the sector to which the company belongs. More accurate.

The average return on assets is 0.032, which may differ with some studies due to the difference in the appropriate environment and the nature of the sectors to which the companies included in the study sample belong. This percentage was small in our sample because the study sample contains insurance companies that are considered among the capital companies that rely on... Its investments include investing in the funds of others, which was also indicated in the high average financial leverage of 0.395 in the sample, as confirmation of the sample's inclusion of financial sector companies (insurance sector).

4.3 Correlation matrix

Table (4.2)

Correlation matrix

Variables	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12
(1) VD Index	1											
(2) CG index	0.626	1										
(3) institutional ownership	0.098	0.185	1									
(4) foreign ownership	0.266	0.16	0.115	1								
(5) managerial ownership	0.164	0.203	0.047	0.259	1							
(6) ownership concentration	0.121	0.189	0.717	0.125	0.262	1						
(7) Quality of auditor	0.065	0.126	0.393	0.124	-0.091	0.219	1					
(8) ln age	-0.025	-0.154	-0.264	-0.011	0.027	-0.289	-0.23	1				
(9) size	0.259	-0.028	0.049	0.267	-0.224	-0.149	0.4	-0.071	1			
(10) Leverage asset	0.231	0.115	-0.077	0.137	0.057	0.169	0.045	-0.225	0.234	1		
(11) Tobi's	0.22	0.206	0.077	-0.088	0.175	0.132	-0.092	0.028	-0.129	0.169	1	
(12) ROA	0.118	-0.066	-0.194	0.076	-0.084	-0.143	-0.038	0.287	0.088	-0.23	0.016	1

Table (4.2) shows the matrix of correlations between the study variables to verify the strength and direction of the relationships between the pairs of study variables that represent the level of voluntary disclosure of Palestinian companies, the different forms of ownership, corporate governance, and the rest of the control variables, the results indicate that there is a strong correlation between corporate governance and the level of voluntary disclosure, which gives a strong indication that there is the statistical explanation for the effect of corporate governance (CG) on the level of voluntary disclosure. On the other hand, the rest of the study variables (various ownership issues and control variables) are somewhat weakly related to the level of voluntary disclosure, which indicates the presence of a weak effect of these variables on the level of voluntary disclosure. Although the strength and direction of the correlation coefficients between the explanatory study variables and the level of voluntary disclosure may give a preliminary idea of the nature of the effect, it does not provide conclusive evidence for this effect, which may be clarified more accurately in the analysis of regression models.

On the other hand, the results of the study indicate that the strength of the correlation coefficients between pairs of explanatory variables did not exceed 0.7, whether in negative or positive relationships, and the relationship between the age variable and company size was the highest correlation coefficient value of 0.4, which indicates that there is no problem of multicollinearity between the explanatory variables.

4.4 Empirical model estimation

4.4.1 Basic model

This section presents the regression results of the basic model to determine the extent of the impact of various ownership structures on the level of voluntary disclosure for Non-financial companies listed on the Palestine Stock Exchange. This model was tested according to the following equation:

$$VD = \alpha + \beta_1 IO_{it} + \beta_2 FO_{it} + \beta_3 MO_{it} + \beta_4 CO_{it} + \beta_5 CG + \beta_6 AQ_{it} + \beta_7 AGE_{it} + \beta_8 SIZ + \beta_9 LEV_{it} + \beta_{10} Tobin\ Q + \beta_{11} ROA + \epsilon_{it} \dots Eq1$$

Table (4.3)*Estimate basic model*

VARIABLES	VD Index FE	VD Index FE	VD Index FE	VD Index FE	VD Index RE	VD Index RE	VD Index RE	VD Index RE
Institutional ownership	0.107* -0.0531				0.0770*** -0.0288			
Foreign ownership		0.00587 -0.0493				0.0162 -0.0321		
Managerial ownership			0.144** -0.0585				0.121*** -0.0263	
Ownership concentration				0.0523 -0.0595				0.0570* -0.0305
CG index	0.408*** -0.055	0.397*** -0.0553	0.425*** -0.0627	0.410*** -0.0821	0.405*** -0.0383	0.406*** -0.0386	0.430*** -0.0316	0.424*** -0.043
Quality of auditor	0.117*** -0.0421	0.120** -0.052	0.0847 -0.0545	0.069 -0.0601	0.0758*** -0.0222	0.0841*** -0.0221	0.0655*** -0.0212	0.0458** -0.023
Ln age	0.0362 -0.028	0.0549* -0.029	0.0792** -0.0298	0.0481 -0.0357	0.0420*** -0.0138	0.0498*** -0.0136	0.0671*** -0.0125	0.0459*** -0.0144
Size	0.0327* -0.0166	0.0284 -0.017	0.0115 -0.0121	0.0456** -0.0194	0.0302*** -0.00737	0.0289*** -0.00746	0.0211*** -0.00728	0.0410*** -0.00784
Leverage	0.0377 -0.0525	0.0332 -0.0547	0.0871 -0.0604	0.0315 -0.0596	0.0447 -0.0289	0.0416 -0.0292	0.0936*** -0.0301	0.0359 -0.0314
Tobin's Q	0.00748 -0.0335	0.00224 -0.0339	-0.0249 -0.0384	-7.19E-05 -0.0388	0.000969 -0.0167	2.79E-05 -0.0169	-0.0148 -0.0161	-0.00522 -0.0172
ROA	-0.139** -0.0628	-0.149** -0.0644	-0.0694 -0.0846	-0.15 -0.0921	-0.115** -0.0579	-0.121** -0.0584	-0.0396 -0.0564	-0.127** -0.0627
Constant	-0.685** -0.335	-0.600* -0.337	-0.420* -0.215	-0.886** -0.355	-0.608*** -0.126	-0.577*** -0.128	-0.541*** -0.121	-0.788*** -0.133
Observations	411	411	439	397	411	411	439	397
R-squared	0.396	0.379	0.584	0.399				
Number of firms	39	39	38	37	39	39	38	37
Robust standard errors in parentheses								
*** p<0.01, ** p<0.05, * p<0.1								

Table (4.3) above displays the regression estimation results for the basic model, where the model was estimated according to the fixed effect model and the random effect model at the same time, and each ownership structure variable was included in a separate model in an attempt to find out the precise effect of this variable. The R-Square values in the table above range from 0.378 to 0.584, which indicates the ability of the model to explain the dependent variable, or more precisely, the ability of the change occurring in the ownership structure variables and other control variables to explain the change occurring in the level of voluntary disclosure in Palestinian companies, and it is considered a similar percentage according to previous studies.

Institutional ownership positively affects on level of voluntary disclosure in the fixed effect and random effect models at a statistically significant level of 10% and 1%, respectively. This result indicates that institutional investors (pension funds, insurance companies, and other companies) enjoy a long-term investment horizon and focus on corporate governance and transparency more than individual investors, in order to reduce the information asymmetry between the company's management and investors and thus raise the level of disclosure and corporate governance through Exerting pressure on company management to provide more disclosures. This result is consistent with the study of (Haniffa & Cooke, 2002; Cheng & Kong, 2022; Qa'dan & Suwaidan, 2018; Ishtiaq et al., 2017; Hsu et al., 2022; Bilal et al., 2021), so the hypothesis that indicates that institutional ownership positively affects the level of voluntary disclosure in Palestinian companies can be accepted.

The study was not able to prove any statistically significant relationship between foreign ownership and the level of voluntary disclosure in Palestinian companies in both the fixed-effect and random-effect models, as this result contradicted the study of both (Ali et al., 2007; Shi et al., 2014) who indicated the ownership of company shares by foreign individuals or entities brings great benefits, such as access to foreign markets and new sources of financing. Therefore, foreign investors may request a higher level of disclosure of data related to the company, and they play a major role in the level of transparency of the company. Therefore, we cannot accept the hypothesis that they indicated. That foreign ownership has a positive impact on the level of voluntary disclosure in Palestinian companies.

management ownership positively effects on level of voluntary disclosure in Palestinian companies at a statistically significant level of 1% in both the fixed effect and random effect models. This result is consistent with the study of how many (kothari et al., 2002; chen et al., 2014) indicated that having a management position is part of the company's works to reduce agency problems and attempt to unify the interests of management with the owners of the company. Thus, management has a greater incentive at the level of voluntary disclosure in an attempt to increase transparency and increase confidence with investors, which is also consistent with agency theory. Therefore, the hypothesis that increasing management ownership has a positive effect on the level of voluntary disclosure for Palestinian companies can be accepted.

Ownership concentration (investors who own 5% or more of the company's value) positively effects on level of voluntary disclosure of Palestinian companies at a statistically significant level of 10% in the random effect model, while the study was unable to prove any statistical relationship in the fixed effect model. This result was consistent with the study of (liag et al., 2011; khif et al., 2017; jiag & Habob, 2009), who indicated that the presence of major shareholders in the company who own a large percentage of the company's shares enables them to enjoy additional authority in making decisions, and their presence is considered a factor in financial stability if they understand the company's goals and trust its decisions. Those who are able to influence the company's decisions and seek to increase investors' confidence in the company and increase its market value by raising the level of voluntary disclosure.

Corporate governance positively effects on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in both the fixed effect and random effect models. This result is consistent with the study of how many (Akhtaruddi et al., 2009; Garcia-Torea et al.,2017; Zhou, 2009) indicated that corporate governance is the process that it ensures that managers do not control shareholder ownership by increasing disclosure and dissemination of information, which ultimately leads to reducing information asymmetry. Therefore, we can accept the hypothesis that corporate governance positively affects the level of voluntary disclosure of Palestinian companies.

Quality of auditing positively effects on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in all random effect models and 1%

and 5% in the fixed effect model. This result is consistent with the study of (Agyei-Mensah, 2019; Wardhani, 2019; Fardisi, 2020; Shaker et al., 2023) who indicated Audit quality plays a crucial role in corporate governance, as high audit quality increases the level of confidence in audited financial reports and thus positively affects voluntary disclosure and contributes to improving information transparency, which is consistent with agency theory, which indicated that the presence of an effective audit committee works to Reducing the asymmetry of administrative opportunistic information, which enhances the detection quality of the disclosed information. Therefore, it is possible to accept the hypothesis that indicates that the quality of auditing positively affects the level of voluntary disclosure in Palestinian companies.

Age of the company positively effect on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in the random effect model and 5% and 10% in the fixed effect models. This result is consistent with the study (Hossain & Hammami, 2009; ajm-Ul-sehar &Tufail,2013; Habash et al., 2016) indicated that older companies listed on the stock exchange have a longer record of transparent financial reporting practices that have become ingrained in the company culture, making them more voluntary in disclosing information to shareholders and stakeholders. Therefore, we can accept the hypothesis that indicates that older companies enjoy a better level of disclosure than younger companies.

The size of company positively effect on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in the random effect model and 10% and 5% in the random effect model. This result was consistent with the study of all of (Uyar et al., 2013; Naran, 2013; Kurniawanto & Rahayu, 2021; Watson & Marston, 2002) who referred to companies. Larger companies may face greater scrutiny from stakeholders and may have more resources to devote to the practice of financial reporting thus larger companies are more likely to voluntarily disclose information to shareholders and other stakeholders. Therefore, we can accept the hypothesis that indicates that larger companies enjoy a greater level of voluntary disclosure than small companies.

Financial leverage positively effect on level of voluntary disclosure of Palestinian companies at the 1% level in one of the random effect models, while we were not able to prove this relationship statistically in the rest of the random effect models and the

confirmatory effect models. This result is consistent with the study of (Barnawi & Abdullah, 2023; Susetyo et al., 2020; Lan et al., 2013; Ghasempour & MdYousef, 2014) who indicated that highly leveraged firms incur high agency costs and these firms are likely to disclose more information voluntarily to meet creditors' information requirements and reduce their liabilities. Therefore, we can accept the hypothesis that indicated that financial leverage is positively related to the level of voluntary disclosure of Palestinian companies.

The study was unable to prove any statistically significant relationship between company growth (market growth) and the level of disclosure of companies operating in Palestine in both the fixed-effect and random-effect models, as this result was not consistent the study of both (Alfaraih & Alanezi, 2011; Nekhili &Lakhal, 2012; Zobi & Alla, 2023), which indicated the companies with low market growth or that have a high book value of its assets compared to their market value may indicate doubts about the optimal success of its investment decisions, and thus it is more likely to disclose information voluntarily to its shareholders and stakeholders. Therefore, we will not be able to accept the hypothesis that indicated the existence of a statistical relationship between the market growth rate and the level of voluntary disclosure in Palestinian companies.

The company's profitability represented by the return on assets negatively effect on level of voluntary disclosure of Palestinian companies at a statistically significant level of 5% and 10% in some models in the fixed effect models and random effect models, while we will not be able to prove this relationship statistically in In other models, This result indicates that companies with an ideal profit level may not tend to provide a high level of voluntary disclosure because investors obtained more attractive and interesting information through announced profits, which may be similar to the interpretation of signaling theory, which indicates that announcing high profits or dividend distributions reduces the information asymmetry between investors and company management. On other hand this result conflicts with several studies (Yusuf Et al., 208; Kitsamphawong et al, 2021; Susetyo et al., 2020; Puaze, 2018), which have indicated that more profitable companies may have a greater incentive to voluntarily disclose information to their shareholders and stakeholders because their managers realize the potential benefits of improved transparency. Therefore, we were not able to prove the hypothesis that

more profitable companies enjoy a better level of voluntary disclosure than companies that enjoy little profitability.

4.4.2 Moderating effect of corporate governance

This section presents the statistical results of the interactive relationship that corporate governance plays with different forms of ownership in influencing voluntary disclosure. The model was analyzed according to the following statistical equation:

$$VD = \alpha + \beta_1 IO_{it} + \beta_2 IO_{it} * CG_{it} + \beta_3 FO_{it} + \beta_4 FO_{it} * CG_{it} + \beta_5 MOI_{it} + \beta_6 MOI_{it} * CG_{it} + \beta_7 COI_{it} + \beta_8 COI_{it} * CG_{it} + \beta_9 CG + \beta_{10} AQ_{it} + \beta_{11} AGE_{it} + \beta_{12} SIZ + \beta_{13} LEV_{it} + \beta_{14} \text{Tobin Q} + \beta_{15} \text{ROA} + \varepsilon_{it} \dots \text{Eq2}$$

Table (4.4)*Interaction relationship model*

VARIABLES	VD Index FE	VD Index FE	VD Index FE	VD Index FE	VD Index RE	VD Index RE	VD Index RE	VD Index RE
Institutional ownership	-0.0596				-0.047			
	-0.116				-0.06			
Institutional ownership *corporate governance	0.326				0.236**			
	-0.267				-0.0997			
Foreign ownership		0.251				0.228***		
		-0.159				-0.0685		
Foreign ownership * corporate governance		-0.415*				-0.355***		
		-0.246				-0.102		
Managerial ownership			0.146**				0.119**	
			-0.0673				-0.0512	
Managerial ownership * corporate governance			-0.00398				0.00364	
			-0.141				-0.0729	
Ownership concentration				-0.113				-0.0825
				-0.164				-0.0757
Ownership concentration * corporate governance				0.313				0.256**
				-0.363				-0.127
CG index	0.2	0.575***	0.426***	0.223	0.259***	0.543***	0.429***	0.271***
	-0.174	-0.138	-0.0798	-0.216	-0.0724	-0.0548	-0.0359	-0.0871
Quality of auditor	0.111**	0.137**	0.0847	0.0673	0.0742***	0.0933***	0.0661***	0.0463**
	-0.0439	-0.0516	-0.0548	-0.057	-0.0221	-0.022	-0.0212	-0.0229
Ln age	0.0341	0.0484*	0.0793**	0.0393	0.0404***	0.0496***	0.0673***	0.0399***
	-0.0254	-0.0269	-0.0295	-0.0379	-0.0138	-0.0134	-0.0126	-0.0146
Size	0.0296*	0.0349*	0.0116	0.0407**	0.0280***	0.0325***	0.0209***	0.0374***
	-0.0146	-0.018	-0.0121	-0.0172	-0.00741	-0.00747	-0.00732	-0.00803
Leverage	0.0393	0.0253	0.0872	0.0344	0.0468	0.0318	0.0934***	0.0385
	-0.0536	-0.0542	-0.0601	-0.0594	-0.0287	-0.0289	-0.0302	-0.0313
Tobin's Q	-0.00101	0.0089	-0.025	-0.00719	-0.00563	0.00423	-0.015	-0.0107
	-0.0332	-0.0339	-0.0385	-0.0371	-0.0168	-0.0167	-0.0162	-0.0173
ROA	-0.137**	-0.118*	-0.0697	-0.139	-0.112*	-0.102*	-0.0402	-0.118*
	-0.0567	-0.0612	-0.0855	-0.0926	-0.0575	-0.0578	-0.0565	-0.0626
Constant	-0.507*	-0.814*	-0.421*	-0.671**	-0.482***	-0.725***	-0.538***	-0.623***
	-0.26	-0.408	-0.209	-0.302	-0.137	-0.134	-0.122	-0.156
Observations	411	411	439	397	411	411	439	397
R-squared	0.412	0.402	0.584	0.408				
Number of firms	39	39	38	37	39	39	38	37

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table (4.4) above displays the regression results for the effect of the corporate governance variable on the relationship between different ownership structures and the level of voluntary disclosure in Palestinian companies. The R-Square ratio in the interactive relationship model indicates a value slightly higher than its values in the basic model. This indicates that the interactive relationships contributed to an additional explanatory advantage is that the change occurring in all study variables in addition to the interactive variables is able to explain the change occurring in the level of voluntary disclosure of Palestinian companies better than the basic model that does not contain interactive variables.

There is a positive, statistically significant relationship at the 5% statistical level between the interactive relationship between institutional ownership and corporate governance with the level of voluntary disclosure in Palestinian companies in the random effect model, while we will not be able to prove it statistically in the random effect model, as the result indicates that institutional investors have a long-term investment horizon and have a higher focus on corporate governance than ordinary individuals, in an effort to reduce information asymmetry between company management and investors. Therefore, the presence of institutional ownership works effectively with corporate governance in improving the level of voluntary disclosure for companies operating in Palestine.

Although there are no studies that have tested the moderating role of corporate governance in influencing the relationship between institutional ownership and the level of voluntary disclosure directly (Haniffa & Cooke, 2002; Cheng & Kong, 2022; Qa'dan & Suwaidan, 2018; Ishtiaq et al., 2017; Hsu et al., 2022; Bilal et al., 2021), many studies that have examined the effect of institutional ownership on the level of voluntary disclosure have focused in their theories and results on the fact that this relationship is significantly linked to The role played by institutional ownership in increasing governance, which leads to a high level of voluntary disclosure. Therefore, we can accept the hypothesis that corporate governance works to enhance the positive impact of institutional ownership on the level of voluntary disclosure in Palestinian companies.

Foreign ownership positively effect on level of voluntary disclosure at the 1% statistical significance level in the random effect model, while we will not be able to prove it from the statistical result in the fixed effect model, as this relationship indicates the

company's desire to obtain new sources of financing, especially Foreign finance push foreign investors to request higher levels of disclosure and openness, and therefore foreign investors play an essential role in enhancing the company's transparency, which is consistent with the study of (Ali et al., 2007; Shi et al., 2014). Therefore, the hypothesis was accepted that indicated the existence of a positive relationship between foreign ownership and the level of voluntary disclosure of companies operating in Palestine, unlike the first (basic) model, in which we will not be able to prove this relationship statistically. The reason may be due to the presence of interactive relationships that improved the model's ability to explain the change in the levels of voluntary disclosure of Palestinian companies

There is a statistically significant negative relationship between the interactive relationship of foreign ownership and corporate governance with the level of voluntary disclosure for companies operating in Palestine at a statistically significant level of 10% and 1% for the two models, the fixed effect and the random effect model, respectively. The reason for this relationship may be due to multiple factors, including company policies, the regulatory environment, market expectations, and financial culture in the relevant countries, or due to the presence of conflicting interests between local and foreign shareholders. When there is ownership of a large share of the company by foreign investors, which can negatively affect At the voluntary disclosure level because the motivation is to maintain greater privacy regarding operational and financial information that may affect their competitive strategies or reveal sensitive details that they prefer to keep private, or certain personal desires and interests represented by, for example, their desire to achieve short-term goals. Long-term financial returns at the expense of long-term sustainability. This is possible. Reduces the level of voluntary disclosure. For example, in achieving short-term goals. Long-term financial returns at the expense of long-term sustainability, or there may be differences in legislative and regulatory requirements between different countries, which may lead to a difference in the level of voluntary disclosure required. Therefore, companies' commitment to voluntary disclosure standards reduces the desire of foreign investors to expand voluntary disclosure. This is consistent with the interpretation of both (Ali et al., 2007; Shi et al.,2014).

Institutional ownership positively affects on level of voluntary disclosure for companies operating in Palestine at a statistical level of 5% in both the fixed effect and random effect models. This result is consistent with the study of how many (kothari et al., 2002; chen et al., 2014) indicated that having a management position is part of the company's works to reduce agency problems and attempt to unify the interests of management with the owners of the company. Thus, management has a greater incentive at the level of voluntary disclosure in an attempt to increase transparency and increase confidence with investors, which is also consistent with agency theory. Therefore, the hypothesis that increasing management ownership has a positive effect on the level of voluntary disclosure for Palestinian companies can be accepted.

The study was unable to prove any statistical evidence for the relationship between the interactive relationship of management ownership and corporate governance with the level of voluntary disclosure in Palestinian companies in all statistical models linked to the fixed effect model and the random effect model.

The study was unable to prove any statistical evidence for the relationship between ownership concentration and the level of voluntary disclosure for companies operating in Palestine in all models that were represented in the fixed effect models and the random effect models. This result was inconsistent with the study of (liag et al., 2011; khif et al., 2017; jiag & Habob, 2009), who indicated that the presence of major shareholders in the company who own a large percentage of the company's shares enables them to enjoy additional authority in making decisions, and their presence is considered a factor in financial stability if they understand the company's goals and trust its decisions. Those who are able to influence the company's decisions and seek to increase investors' confidence in the company and increase its market value by raising the level of voluntary disclosure.

There is a positive effect of the interactive relationship of ownership concentration and corporate governance with the level of voluntary disclosure for companies operating in Palestine at a statistically significant level of 5% in the random effect model, while we will not be able to prove this relationship in the fixed effect model. This relationship indicates the presence of large shareholders in the company who owns a large percentage of the company's shares, enabling them to enjoy additional power in decision-making. Their presence is considered a factor of financial stability if they

understand the company's goals and trust its decisions. Those who can influence the company's decisions and seek to increase investors' confidence in the company and increase its market value by raising the level of voluntary disclosure and increasing commitment to corporate governance standards to increase the reliability and transparency of the financial reports provided to investors and stakeholders, which is consistent with the study of (liag et al., 2011; khif et al., 2017; jiag & Habob, 2009).

Corporate governance index a positive effect on the level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in both the fixed effect and random effect models. This result is consistent with the study of how many (Akhtaruddi et al., 2009; Garcia-Torea et al.,2017; Zhou, 2009) indicated that corporate governance is the process that ensures that managers do not control shareholder ownership by increasing disclosure and dissemination of information, which ultimately leads to reducing information asymmetry. Therefore, we can accept the hypothesis that corporate governance positively affects the level of voluntary disclosure of Palestinian companies.

Quality of auditing positively effects on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in all random effect models and some of the fixed effect models. This result is consistent with the study of (Agyei-Mensah, 2019; Wardhani, 2019; Fardisi, 2020; Shaker et al., 2023) who indicated Audit quality plays a crucial role in corporate governance, as high audit quality increases the level of confidence in audited financial reports and thus positively affects voluntary disclosure and contributes to improving information transparency, which is consistent with agency theory, which indicated that the presence of an effective audit committee works to Reducing the asymmetry of administrative opportunistic information, which enhances the detection quality of the disclosed information. Therefore, it is possible to accept the hypothesis that indicates that the quality of auditing positively affects the level of voluntary disclosure in Palestinian companies.

The age of the company's listing on the Palestine Stock Exchange positively effects on level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in the random effect model and 5% and 10% in the fixed effect models. This result is consistent with the study (Hossain & Hammami, 2009; ajm-UI-sehar &Tufail,2013; Habash et al., 2016) indicated that older companies listed on the stock

exchange have a longer record of transparent financial reporting practices that have become ingrained in the company culture, making them more voluntary in disclosing information to shareholders and stakeholders. Therefore, we can accept the hypothesis that indicates that older companies enjoy a better level of disclosure than younger companies.

The size of the company positively effect on the level of voluntary disclosure of Palestinian companies at a statistically significant level of 1% in the random effect model and 10% and 5% in the random effect model. This result was consistent with the study of all of (Uyar et al., 2013; Naran, 2013; Kurniawanto & Rahayu, 2021; Watson & Marston, 2002) who referred to companies. Larger companies may face greater scrutiny from stakeholders and may have more resources to devote to the practice of financial reporting thus larger companies are more likely to voluntarily disclose information to shareholders and other stakeholders. Therefore, we can accept the hypothesis that indicates that larger companies enjoy a greater level of voluntary disclosure than small companies.

Financial leverage negatively effects on the voluntary disclosure at a statistically significant level of 1% in one of the random effect models, while we will not be able to prove this relationship in the other random effect models and fixed effect, models. This result is inconsistent with the study of (Barnawi & Abdullah, 2023; Susetyo et al., 2020; Lan et al., 2013; Ghasempour & MdYousef, 2014) who indicated that highly leveraged firms incur high agency costs and these firms are likely to disclose more information voluntarily to meet creditors' information requirements and reduce their liabilities. Therefore, we can accept the hypothesis that indicates that financial leverage is positively related to the level of voluntary disclosure of Palestinian companies. The reason may be because some companies that rely heavily on financial leverage may be exposed to agency problems that occur between debt holders on the one hand, and the company's owners and management on the other hand, and the unwillingness of the company's management to provide adequate disclosure that reflects these problems for fear that these disclosures will reflect negatively on the market value of company's share seems to harm investors' wealth. Or it may be due to some statistical problems associated with multicollinearity resulting from including many interactive relationships of corporate governance within the model.

The study was unable to prove any statistically significant relationship between the market growth rate (Tobin's Q) and the degree of voluntary disclosure in companies operating in Palestine in both the fixed-effect and random-effect models., as this result contradicted the study of both (Alfaraih & Alanezi, 2011; Nekhili &Lakhal, 2012; Zobi & Alla, 2023), which indicated that companies that have a high book value of its assets compared to their market value may indicate doubts about the optimal success of its investment decisions, and thus it is more likely to disclose information voluntarily to its shareholders and stakeholders. Therefore, we will not be able to accept the hypothesis that indicated the existence of a statistical relationship between the market growth rate and the level of voluntary disclosure in Palestinian companies.

There is a negative effect of profitability represented by return on assets on the level of voluntary disclosure for companies operating in Palestine at a statistically significant level of 5% and 10% in some fixed effect models and 10% in all random effect models. this result conflicts with several studies (Yusuf Et al., 208; Kitsamphawong et al, 2021; Susetyo et al., 2020; Puaze, 2018), which have indicated that more profitable companies may have a greater incentive to voluntarily disclose information to their shareholders and stakeholders because their managers realize the potential benefits of improved transparency. Therefore, we were not able to prove the hypothesis that more profitable companies enjoy a better level of voluntary disclosure than companies that enjoy little profitability. On the other hand, this negative relationship may indicate that companies that achieve good financial performance and satisfy investors with the return required by them may be lenient in their commitment to voluntary disclosure because the trust of the investors is built based on good financial performance, or that companies may manipulate their profits in what is known as (income smoothing) to show an image of stable financial performance and is afraid of showing contradiction while there is a high commitment to the terms of voluntary disclosure.

Table (4.5)*Summary of basic model*

Variable	Fixed Effect	Random Effect
Institutional ownership	Positive	Positive
Foreign ownership	Positive	Positive
Managerial ownership	Positive	Positive
Ownership concentration	Positive	Positive
CG index	Positive	Positive
Quality of auditor	Positive	Positive
Ln age	Positive	Positive
Size	Positive	Positive
Leverage		Positive
Tobin's Q		
ROA	Negative	Negative

Table (4.5) above summarizes the regression results of the basic model according to the fixed and random effect models. These models showed very similar results, with the exception of the effect of financial leverage on the level of voluntary disclosure for companies listed on the Palestine Stock Exchange.

Table (4.6)*Summary of Interaction relationship model*

Variable	Fixed Effect	Random Effect
Institutional ownership		
Institutional ownership* CG index		positive
Foreign ownership		positive
Foreign ownership* CG index		
Managerial ownership	Positive	positive
Managerial ownership* CG index		
Ownership concentration		
Ownership concentration* CG index		positive
CG index	Positive	positive
Quality of auditor	Positive	positive
Ln age	Positive	positive
Size	Positive	positive
Leverage		positive
Tobin's Q		
ROA		

Table (4.6) displays a summary of the regression results analyzing the interactive relationships between ownership forms and corporate governance and the impact of this

relationship on the level of voluntary disclosure for companies listed on the Palestine Stock Exchange.

4.5 Conclusions

Today, companies are an essential component of the global economic system, playing an important role in supporting economic growth and financial stability. One of the most important criteria that contributes to evaluating the performance of companies and the extent of their interaction with various parties in the relationship is the level of disclosure they provide.

The purpose of this study is to investigate and evaluate how ownership structure and the degree of voluntary disclosure in businesses are related. Theories that have studied this relationship will be used to evaluate how ownership structure is influenced. The most well-known of these is the agency theory, which describes the relationship between principals, like shareholders, and agents, like managers, inside a company. Agency theory suggests that there is a chance that the interests of principals and agents may not always align, potentially leading to agency conflicts, when it comes to financial reporting, managers could be motivated to hide information from shareholders in order to protect their own interests. By influencing management decisions regarding the level of transparency and disclosure in financial and other reports, agency theory can affect how the relationship between ownership structure and voluntary disclosure is interpreted. These decisions are based on the interests of owners and shareholders and the obligations placed on agents to fulfill these interests.

A range of interested parties (stakeholders) must be considered when making choices and putting policies into place, according to the Stakeholder Theory, which examines businesses and organizations from this angle. These stakeholders could include suppliers, customers, workers, and shareholders. According to stakeholder theory, businesses are more likely to participate in voluntary disclosure if they have a better relationship with their stakeholders, such as a greater number of loyal consumers or a reputation for social responsibility.

The foundation of stewardship theory is the notion that managers put up a lot of effort and make choices that benefit shareholders rather than serving their personal interests. The theory is a method that promotes trust between managers and shareholders and

makes the assumption that managers will act to safeguard and further the interests that shareholders have committed to them, not to further their own interests. According to stewardship theory, businesses that have a good manager-shareholder relationship—that is, those that have a long-term outlook and a strong sense of stewardship—are more inclined to disclose information voluntarily.

Signaling Theory, it relates to how companies use information and signals to convey messages about performance, financial condition, and other internal operations to external parties such as shareholders, investors, and customers. Companies can use financial and non-financial signals as a means of communicating with external parties and conveying positive information about their performance and financial condition. Signaling theory indicates that profitable companies will disclose more information in order to benefit from their success by raising the price and value of their shares.

Which prompted the researcher to test the suitability of these theories to the Palestinian reality by studying the impact of ownership structure on voluntary disclosure in companies listed on the Palestine Stock Exchange, which center on the effect of ownership structure on voluntary disclosure and the moderating role that corporate governance plays in this relationship. The study population includes all companies operating in the Palestinian economy from various sectors (industrial sector, investment sector, service sector, and insurance sector) during the period 2010-2021, which consists of 49 companies during the period 2010-2021.

4.6 Main results

Institutional ownership has a positive impact on voluntary disclosure

This finding indicate that companies with a higher level of institutional ownership may are more likely to disclose information voluntarily to their shareholders and other stakeholders, When there is large institutional ownership in the company, there is a greater incentive for voluntary disclosure, given that the company's success is considered part of its success and that voluntary disclosure and transparency can contribute to building trust with investors and customers and improving the company's reputation.

Managerial Ownership has a positive impact on voluntary disclosure

Managerial ownership has a favorable and significant impact on voluntary disclosure, which mean that managers who have a larger ownership share in the company may have a greater incentive to disclose information to the various parties involved. As managerial ownership increases, the role of the person or entity in making decisions and directing the workflow of the company increases, which makes them feel more responsible towards investors and other stakeholders. With increasing managerial ownership, a company may have to comply with more regulations and requirements, pushing it toward voluntary disclosure to ensure compliance and avoid potential penalties.

Concentration Ownership has a negative impact on voluntary disclosure

High concentration of ownership will lead to reduce voluntary disclosure, in some cases, companies with concentrated ownership are under strong control by the person or entity with ownership, and this may lead to a desire to maintain confidentiality and not disclose sensitive information or administrative details.

Foreign ownership has no significant impact on voluntary disclosure

4.7 Recommendations

Based on current research and the challenges facing studying the relationship between ownership structure and voluntary disclosure, some recommendations can be made for future research in this area:

1. The researcher suggest future studies increasing data related to ownership structure: Future research should work to increase the amount of available data and improve its quality, as more detailed and comprehensive data can contribute to a better understanding of the relationship of ownership structure to voluntary disclosure.
2. The study suggests developing realistic guidelines: Based on research findings and analyses, future research should create practical, usable suggestions for businesses and organizations to enhance their voluntary disclosure levels. These instructions can help to improve governance and financial reporting procedures while also increasing transparency and credibility in the stock market and the economy as a whole.

4.8 limitation

Despite the relevance of investigating the impact of ownership structure on voluntary disclosure in Palestine, there are some limitations and issues that must be addressed specifically. These constraints and challenges must be considered when planning the study and interpreting the results, as well as focusing research toward identifying appropriate measures to promote voluntary disclosure:

1. Economic and political constraints: Companies in Palestine may encounter economic and political challenges, limiting their capacity to fully disclose freely. Political and financial changes, constraints on access to international markets, and other considerations may all contribute to certain organizations' satisfaction with low levels of disclosure.
2. Data limitations: Some data is not available on the Palestine Stock Exchange, and access to it is limited, potentially insufficient for conducting a complete analysis of the impact of ownership structure on voluntary disclosure. It may be difficult to obtain complete financial accounts and reliable information regarding company ownership structures.

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Appendices

Appendix (A)

Voluntary Disclosure checklist

Number	Item
General company information	
1	Company's mission statement
2	Brief history of the company
3	Corporate structure/chart
Corporate strategy	
1	Statement of corporate strategy and objectives –general
2	Statement of corporate strategy and objectives –financial
3	Statement of corporate strategy and objectives –marketing
4	Statement of corporate strategy and objectives –social
5	Impact of strategy on current performance
Financial performance	
1	Liquidity ratios
2	Debt / equity ratio
3	Profitability ratios
4	Return on equity
5	Return on assets
6	Financial history or summary (3 or more years)
Employee information	
1	Number of employees trained
2	Policy on employee training
3	Women empowerment
4	Employees' appreciation
5	Amount spent on training
6	Equal opportunity policy statement
Segmental information	
1	Competitor analysis – qualitative
2	Competitor analysis – quantitative
3	market share analysis – qualitative
4	market share analysis – quantitative
Corporate governance / directors' information	
1	Shares held by board directors of the company
2	Meeting held and Attendance
3	Educational qualifications of the directors
4	Experience of the directors
5	Other directorship held by executive directors
6	Statement of internal control
Capital market data	
1	the market value of shares at the end of the year
Forward-looking information	
1	Factors that may affect future performance
2	Earnings per share forecast
3	Sales revenue forecast
4	Profit forecast

Appendix (B)

Corporate governance checklist

Number	Item
Board of Directors	
1	Chairperson of board and CEO are two different individuals
2	Chairperson is a non-executive director
3	The composition of the Board of Directors has two independent directors
4	Board has a corporate governance committee
5	All directors attended 75% of board meetings or had a valid excuse.
6	company has remuneration committee
7	Board size is greater than 5 but less than 11
Audit Committee	
1	Company has an audit committee
2	Chairperson of committee is a non-executive director
3	All members of committee are non-executive directors
4	Chairperson of the board is not the chairman or a member of the audit committee
Disclosure and Transparency	
1	Company discloses composition of audit committee
2	Company releases its annual reports within 3 months of year-end
3	Company discloses share ownership
4	Company states its commitment to effective corporate governance
5	company discloses remuneration of board directors
6	Company discloses remuneration of executive directors
7	Company reports on CSR activities



جامعة النجاح الوطنية
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إشراف

د. إسلام عبد الجواد

قدمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في التمويل،
من كلية الدراسات العليا، في جامعة النجاح الوطنية، نابلس - فلسطين.

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الملخص

يعتبر هيكل الملكية عاملاً حيوياً يؤثر في عدة جوانب في إدارة الشركة، بدءاً من اتخاذ القرارات الإستراتيجية وحتى توجيه السياسات المالية، وتحديد مدى شفافية المعلومات التي تقدمها الشركة. تهدف هذه الدراسة إلى تفصي وتحليل العلاقات بين هيكل الملكية والإفصاح الطوعي لدى 49 شركة مدرجة في بورصة فلسطين للفترة الممتدة ما بين 2010-2021، والبيانات الثانوية التي تم جمعها من مصادر مختلفة، بما في ذلك التقارير المالية النهائية السنوية الصادرة عن الشركات في نهاية كل عام، والتي تم من خلالها جمع البيانات المتعلقة بربحية الشركة وحجم أصولها وعمر الشركة وعدد الأسهم المصدرة من قبل الشركة والقيمة الدفترية لقيمة حقوق الملكية والجودة من مدقق الحسابات، تم الحصول على المعلومات المتعلقة بهيكل الملكية والتي تشمل الملكية المؤسسية، والملكية الأجنبية، والملكية الإدارية، وتركيز الملكية من التقارير السنوية للشركات في بورصة فلسطين. وتوصل البحث إلى أن الملكية المؤسسية والملكية الإدارية لهما تأثير إيجابي على الإفصاح الطوعي، وتركيز الملكية له أثر سلبي على الإفصاح الطوعي، والملكية الأجنبية ليس لها تأثير ذو دلالة احصائية على الإفصاح الطوعي وان العلاقات التفاعلية (الملكية المؤسسية مع حوكمة الشركات وتركيز الملكية مع حوكمة الشركات) لها تأثير إيجابي على مستوى الإفصاح الطوعي للشركات الفلسطينية. ويوصي الباحث بإجراء دراسات مستقبلية لوضع إرشادات عملية وقابلة للتطبيق للشركات والمنظمات لتحسين مستوى الإفصاح الطوعي، بناء على نتائج البحوث والتحليلات.

الكلمات المفتاحية: هيكل الملكية، الإفصاح الطوعي، بورصة فلسطين.