DISCLOSURE AND CORPORATE GOVERNANCE: EVIDENCE FROM RUSSIAN COMPANIES

I. V. BEREZINETS
Graduate School of Business, Higher School of Economics, Moscow, Russia[a]

A. A. MURAVYEV
School of Economics and Management, Higher School of Economics, St. Petersburg, Russia[b]
Institute of Labor Economics (IZA), Germany[c]

Purpose: this article aims to provide new evidence on the role of several potential drivers of corporate disclosure that have been insufficiently studied or remain controversial in the literature on accounting and corporate governance such as one-tier vs. two-tier corporate boards, having grey directors on the board, direct vs. indirect government ownership and the ownership stake of second-largest shareholders. **Methodology:** the study uses rich and unique data on transparency and disclosure by Russian firms collected by the S&P agency from 2002 till 2010 and obtained by the authors under a confidentiality agreement. The analysis is based on conventional techniques of regression analysis for panel data. **Findings:** there is strong evidence of complementarity between corporate governance and disclosure. In particular, disclosure is enhanced by boards with a higher proportion of truly independent directors (compared to grey directors, whose role is less clear-cut), is higher in companies with a two-tier board and those with a greater stake of the second largest shareholder. It is also found that direct government ownership is associated with reduced disclosure. In contrast, no such effect is observed for indirect ownership by the state. **Originality and contribution:** the analysis uses detailed data from a country with a relatively poor corporate governance environment in general and low standards of mandatory disclosure, which helps observe relationships that would be hard to detect in better institutional settings. It is also one of the first studies that scrutinizes disclosure practices of publicly traded companies in Russia. The obtained findings emphasize the risks of reduced mandatory disclosure requirements, which Russian government allowed in response to the Western sanctions, on the background of a significant exodus of qualified independent/foreign directors from the corporate boards. Given the complementarity between disclosure and corporate governance, this may amplify the risks of poor corporate governance and performance of Russian firms.

Keywords: disclosure, board of directors, ownership structure, corporate governance, Russia.

JEL: G32, M41

Addresses: [a] Graduate School of Business, HSE University, Shabolovka ul., 26–28, Moscow, 119049, Russia; [b] St. Petersburg School of Economics and Management, HSE University, Kantemirovskaya ul., 3A, St. Petersburg, 194100, Russia; [c] Institute of Labor Economics (IZA), Schaumburg-Lippe-Straße, 5–9, Bonn, 53113, Germany.

https://doi.org/10.21638/spbu18.2024.203
Supplemental material to the article is available at https://doi.org/10.21638/spbu18.2024.203

INTRODUCTION

Transparency and disclosure, which ensures that investors have ready access to any required information about a company such as audited financial reports, operational details, ownership structure and investor rights, board and management structure and process, has long been viewed as a fundamental factor affecting the performance of companies, stock markets and economies at large. Indeed, increased transparency and disclosure may lead to the reduction of information asymmetries between investors and managers, improves the firm's ability to issue securities and consequently lowers the cost of capital [Botosan, 1997]. It also performs an important governance role as greater disclosure enhances investors' ability to monitor the managers whereby limiting the scope of outright theft and fraud on the part of the latter (see e. g., [Lambert, Leuz, Verrecchia, 2007; Van der Schee, 2011]). Transparency and disclosure is thus an important mechanism protecting investors and reducing agency costs [Allegrini, Greco, 2013].

Given the importance of transparency and disclosure, it is not surprising that much of it is required by law or stock exchange regulations and is therefore mandatory for companies. Nevertheless, firms typically have considerable discretion in choosing the type and amount of information to be disclosed. First, they may disclose additional information, on the top of what is required by law and regulations, the so-called voluntary disclosure. Second, for various reasons, including high costs of disclosure or agency problems, companies may refuse to comply with at least some of the regulations, especially when they are poorly enforced. Indeed, imperfect compliance with mandatory disclosure regulations is typical not only in emerging markets, which often have weak institutions, but also in the developed world (see e. g., [Glaum et al., 2013]). This results in a substantial variation in total disclosure and raises a natural question about its causes and consequences.

The theoretical literature distinguishes several channels whereby the firm's corporate governance structure and other characteristics affect disclosure. Typically, greater disclosure is expected in companies with better corporate governance, which is associated with the presence of large blockholders, greater independence of the board of directors, the existence of an audit committee, etc. Indeed, within the agency perspective, which is the dominant framework for studying corporate disclosure [Cotter, Lokman, Najah, 2011], large blockholders and independent directors may exercise the monitoring role by enhancing disclosure. This view is consistent with disclosure and other corporate governance arrangements being complements. The alternative view is that disclosure and corporate governance mechanisms are substitutes [Beekes et al., 2016; Enache, Hussainey, 2020]. When the governance structure is weak, for example in the case of dispersed ownership or the issue of dual class stock, disclosure may become an effective mechanism that reduces the scope of managerial opportunism and shareholder expropriation.

There is a well-established empirical accounting literature investigating determinants of corporate disclosure. While most scholars study voluntary disclosure, some examine total disclosure (see e. g., [Liu, Valenti, Chen, 2016]) and others investigate the compliance with mandatory disclosure rules (see e. g., [Mnif, Borgi, 2020]). The relevant literature originally focused on mature market economies [Saha, Kabra, 2020]; more recently, attention has shifted to emerging markets [Zaini et al., 2018], given their distinct institutions and a growing role in the global economy. As shown in several reviews and meta-analyses, the empirical results from both developed and emerging economies are not fully conclusive, at least for some corporate governance attributes such as board size and independence, family and government ownership,

and therefore call for further research and systematization [Samaha, Khlif, Hussainey, 2015; Zaini et al., 2018][1].

In this paper, we examine the drivers of corporate disclosure using rich data from Russia, an important emerging market of the early 2000s. Our focus is on total disclosure, which encompasses both voluntary disclosure and the compliance with mandatory disclosure rules. Such an approach may be particularly relevant in the context of emerging markets where enforcement of regulations is weak and compliance is imperfect [Hassan et al., 2009]. Our analysis is centered on the determinants of disclosure that have not been properly studied or remain controversial in the accounting literature. In particular, in order to shed more light on the effect of board independence, we differentiate between truly independent and grey directors as well as between one-tier and two-tier boards. Regarding ownership, we distinguish between direct vs. indirect government ownership and study the role of the second-largest shareholder, which can help better understand the role of ownership concentration. In addition, we provide evidence concerning other conventional determinants of disclosure identified in the literature, such as cross-listing abroad and the quality of external audit.

Our data are assembled from several sources, with the Standard and Poor's (S&P) Transparency and Disclosure Index and SKRIN database being the primary ones. For the purpose of this study, the data from these and other sources were carefully processed and merged into a unique longitudinal database. The resulting dataset is an unbalanced panel that contains more than 500 observations on 125 firms over nine years, 2002 to 2010.

Although the data used in our analysis are not very recent, they nevertheless provide an interesting and important insight, often more nuanced compared to the existing literature, concerning the relationship between disclosure and corporate governance arrangements. This is due to several reasons. First, the data come from an environment characterized by low disclosure standards and weak enforcement[2], which provides the companies with a substantial degree of freedom in choosing their disclosure practices and thus ensures substantial variation in the key variables of interest. This allows the researcher to observe many relationships that would be hard to detect in a better institutional environment[3]. Second, as already mentioned, we use an extended list of governance variables that may help better understand the inconclusive picture emerging from the extant literature on disclosure. We take advantage of the substantial heterogeneity of corporate governance patterns among Russian firms, including the availability of both one-tier and two-tier boards as well as considerable ownership by the state. Third, our analysis is one of the first that provides evidence for Russia and is therefore a notable contribution to the comparative accounting literature on corporate disclosure, especially in emerging markets.

Indeed, the evidence from Russia is extremely thin, despite the country being an important economy and, what is probably more important, a useful laboratory for corporate governance studies [Black, Love, Rachinsky, 2006; Dyck, Volchkova, Zingales, 2008]. Among the few papers that provide

[1] There is a growing literature that looks at the causes and consequences of other aspects of disclosure, such as CSR disclosure. The results from the relevant studies are not very conclusive either (see e. g., [Ali, Frynas, Mahmood, 2017]).

[2] D. Vavulin and N. Nikitina point out a general weakness of the legal framework for corporate disclosure in Russia [Vavulin, 2012; Nikitina, 2014]; M. Fox argues that the enforcement of financial and business disclosure requirements long remained one of the most important issues in the Russian corporate sector [Fox, 2014]. See Appendix 1 (Online supplementary material) for further details.

[3] Indeed, countries with rich disclosure environments, such as the US and UK, are not particularly useful for studying the drivers of disclosure as they feature little variation in the disclosure variables [Gisbert, Navallas, 2013].

some evidence for the country are the works by T. Garanina and Y. Aray, who study the effect of foreign ownership, foreign board members, and cross-listing on CSR disclosure using a sample of 223 companies over 2012–2015 [Garanina, Aray, 2021], S. Banerjee, S. Estrin and S. Pal, who examine how disclosure affects firm performance using a sample of 70 large listed firms included in S&P surveys between 2002 and 2007 [Banerjee, Estrin, Pal, 2022], and A. Grosman, who scrutinizes the impact of transparency and disclosure on fixed investment using S&P data from 2002 to 2009 [Grosman, 2022]. We are not aware of any paper that investigates how disclosure is related to a broader set of corporate governance attributes of publicly traded companies in Russia[4]. This gap in the existing literature becomes particularly important due to the recent decisions by Russian government to relax the disclosure requirements in response to the Western sanctions imposed on the country[5]. As a result, Russian companies are now facing considerable freedom in choosing the level and quality of disclosure provided to investors, and therefore operate in a disclosure environment that is similar to what they faced two decades ago.

Using conventional techniques of regression analysis for panel data, we find strong evidence of complementarity between corporate governance arrangements and disclosure. For example, disclosure is positively associated with proxies for board monitoring, cross-listing of a company's shares abroad and the avoidance of multiple classes of stock. Regarding specific governance attributes that are focal in this study, we find that truly independent directors are strongly associated with improved disclosure, while grey directors are not. The data also show that companies with two-tier boards disclose more information compared to their counterparts with one-tier boards. Direct government ownership is found to reduce disclosure scores. In contrast, the effect of indirect government ownership is essentially nil, i. e., indistinguishable from private owners. Finally, increasing the stake of the second largest shareholder is associated with improved disclosure scores. We discuss these findings and relate them to the extant literature.

The rest of the paper is organized as follows. Section 1 contains a literature review and draws several hypotheses to be tested. Section 2 describes the data and methods employed. Section 3 presents the main empirical results. Finally, Section 4 draws some conclusions.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Throughout this study we rely on the agency theory, which has been the dominant framework for analyzing corporate disclosure [Cotter, Lokman, Najah, 2011]. This theory views disclosure as an important means of mitigating the conflict between owners and managers in classical widely held corporations or between the controlling shareholder and minority investors in companies with concentrated ownership. Given this role of disclosure, its relationship with corporate governance mechanisms, such as corporate boards, large blockholders, and investor protection, has been of substantial interest in the accounting and governance literatures (see e. g., [Garcia-Meca, Sanchez-Ballesta, 2010; Gisbert, Navallas, 2013; Kobbi-Fakhfakh, Shabou, Pigé, 2020]).

Theory offers two main perspectives on the link between corporate governance and disclosure (see e. g., [Allegrini, Greco, 2013]). The first one suggests that managers (or controlling shareholders) may opt for low

[4] For example, recent reviews [Samaha, Khlif, Hussainey, 2015; Saha, Kabra, 2020] do not mention any study relating board and audit committee characteristics to corporate disclosure in Russia.

[5] See: Decrees of the Government of the Russian Federation no. 400 of April 4, 2019 and no. 351 of March 12, 2022 "On the specifics of disclosure and provision of information subject to disclosure".

disclosure standards in order to maintain the consumption of private benefits. Corporate governance mechanisms such as the board of directors and large blockholders impose constraints on such a behaviour, including by greater demand for disclosure. Here, disclosure appears to be complementary to corporate governance mechanisms. The second perspective suggests that managers (or controlling shareholders) can use disclosure to assure investors about the protection of their interests. For example, managers may commit to higher disclosure standards by cross-listing the company's shares in the U.S. or other developed markets, which sends a clear signal to minority shareholders that they are less likely to be expropriated. In this case, corporate governance and disclosure become substitutes. In particular, greater disclosure is expected in firms with some governance flaws, such as the issue of dual class stock or family control.

The literature also suggests that companies may strategically choose between alternative governance mechanisms taking into account their benefits and costs. Since disclosure may involve substantial costs, for example, in the case rival firms use the information disclosed to gain competitive advantage on the market, companies may opt for other, more cost-effective corporate governance arrangements [Forker, 1992].

A further complication is that disclosure may play different roles in different institutional settings. For example, it is pointed out that directors and managers of firms operating in a high investor protection environment face more litigation risk [Samaha, Khlif, Hussainey, 2015]. Therefore, they opt for more disclosure in order to reduce the information asymmetry about the firm. Conversely, when external governance mechanisms such as shareholder litigation and the market of corporate control are weak, disclosure becomes less effective while the role of internal governance mechanisms increases [Chen, Wei, Chen, 2003].

The empirical accounting literature on the drivers of corporate disclosure typically focuses on two essential corporate governance attributes: the board of directors and company ownership structure, and takes the complimentary nature between disclosure and corporate governance mechanisms as a baseline hypothesis.

For example, one common hypothesis maintains that better monitoring by corporate boards is associated with greater disclosure. Boards and especially independent directors can take actions to increase transparency and disclosure as it reduces the information asymmetry in the firm and therefore restrains the managers' opportunistic behaviour stemming from their informational advantage [Allegrini, Greco, 2013]. Monitoring is usually hard to observe; as a result, it is typically proxied by variables related to board structure and composition: board size, independence, gender diversity, board committees, meeting frequency, CEO duality, etc. However, not all such proxies are unambiguous. Indeed, there is substantial controversy related to the role of board size and gender composition in corporate governance. In particular, large boards have long been considered a bad idea (see e. g., [Yermack, 1996], but there seem to be nuances related to firm complexity [Coles, Daniel, Naveen, 2008]. Women-directors have been hypothesized to improve board monitoring [Adams, Ferreira, 2009], but more recent evidence is more complex [Lara et al., 2017]. As a result, the effectiveness of the board (especially in its monitoring function) is typically proxied by the proportion of independent/outside directors, CEO duality, and the presence and composition of various board committees (see e. g., [Michelon, Bozzolan, Beretta, 2015]).

The empirical evidence is rather mixed, being more conclusive for some proxies of board monitoring (CEO duality and board committees) and less for others (board independence and gender diversity)[6]. In particu-

[6] Reviews and meta-analyses [Samaha, Khlif, Hussainey, 2015; Saha, Kabra, 2020] show that the presence of an audit committee and its independence (measured by the percent of independent

lar, although most studies suggest complementarity between board independence and corporate disclosure in mature market economies (see e. g., [Lim, Matolcsy, Chow, 2007] and [Gisbert, Navallas, 2013] for Australia and Spain, respectively), O. Abdelsalam and D. Street report a negative association for the UK [Abdelsalam, Street, 2007] while C. Hodgdon and S. Hughes find no effect in a multi-country setting [Hodgdon, Hughes, 2016]. The variance in the results is even higher in emerging economies: some scholars find a positive effect of board independence on disclosure (see e. g., [Gad, 2020] and [Liu, 2015] for Poland and China, respectively), some suggest no effect (see e. g., [Bueno et al., 2018] for Brazil and [Gao, Kling, 2012] for China), while others report a negative link (see e. g., [Saha, Kabra, 2022] for India).

One possible reason for these controversial results is the differences in the definition of an independent director [Garcia-Meca, Sanches-Ballestra, 2010]. It may vary from a non-executive director (who is not a manager or a full-time employee of the firm) to a truly independent director (defined according to a set of strict criteria that rule out any connection with the firm, its owners, and other stakeholders). The distinction may be critical as affiliated or "grey" directors (i. e., non-executives that are not strictly independent) may be less effective as monitors, but more effective in advising and providing important resources for the firm [Hsu, Wu, 2014]. However, distinguishing between these different types of directors is not straightforward and easy [Kobbi-Fakhfakh, Shabou, Pigé, 2020]. Overall, while there is some literature on the effect of grey directors on disclosure, it primarily comes from mature market economies and provides rather fragmentary evidence (see e. g., [Borokhovich et al., 2014]). Little is known about their impact on disclosure in emerging markets [Ariffin, Wan-Hussin, Malak, 2020].

Another issue that has been largely overlooked concerns the implications of one-tier vs. two-tier corporate boards for corporate disclosure. Apparently, the lack of attention to this issue stems from the non-existence of two-tier boards in US and UK companies, which have been the primary focus of the disclosure literature. However, many jurisdictions mandate a two-tier board structure (e. g., Germany, Poland, and China) and some offer a choice between the two structures (e. g., France, Italy, and Russia). In general, the pros and cons of one-tier vs. two-tier boards are subject of debate in the corporate governance literature. Some scholars argue that the two-tier structure ensures greater independence of non-executive directors from the executives, improves monitoring, and therefore enhances corporate performance. Others argue that the two-tier system exacerbates the information asymmetry between the executives and non-executives and therefore negatively affects firm performance (see e. g., [Pellegrini, Seroni, 2017].

The empirical evidence is thin, partially due to the close link of board design with legal systems and the lack of independent variation in the board systems and control variables [Gillette, Noe, Rebello, 2008]. For example, a study of CSR disclosure by multinational firms by H. Pham and H. Tran finds that companies with two-tier boards disclose more compared to their one-tier counterparts [Pham, Tran, 2019]. They also find that the effect of board independence on disclosure is only significant in companies with two-tier boards. However, T. Khan and S. Nosheen, who examine disclosure in one-tier vs. two-tier board companies in ACEAN region, find that compa-

directors) is associated with improved disclosure. There is some evidence for the other committees [O'Sullivan, Percy, Stewart, 2008]. A negative role of CEO duality is widely documented (see e. g., [Allegrini, Greco, 2013]). The evidence for board gender diversity is relatively thin and not fully conclusive. For example, while many studies find a positive effect of gender diversity on disclosure (see e. g., [Gul, Srinidhi, Ng, 2011; Khemakhem, Arroyo, Montecinos, 2022], some report negative or insignificant effects (see e. g., [Cucari, Esposito de Falco, Orlando, 2018]).

nies with one-tier boards disclose more, that the drivers of corporate disclosure differ across the two groups of companies, but board independence is insignificant in either system [Khan, Nosheen, ul Haq, 2020].

Based on the existing theoretical and empirical literature, we put forward a general hypothesis that relates disclosure to an extended set of proxies for board monitoring and two specific ones for the different measures of board independence and the number of tiers:

Hypothesis H1. Disclosure is positively related to board monitoring proxied by board structure;

Hypothesis H1a. Board independence improves disclosure, but the effect is sensitive to the definition of an independent director;

Hypothesis H1b. The two-tier board structure is associated with greater disclosure.

There is a large literature on the effect of ownership structure, which is one of the most essential corporate governance attributes, on corporate disclosure (see e. g., [Hu et al., 2018; Lepore et al., 2018; Liang, Lin, Chin, 2012]). Ownership structure has several facets, including ownership concentration (in the hands of the largest owner or several large owners), the relative power of large owners, especially the first and second largest shareholders, shareholder identity, etc. The effects of different ownership structures can be quite nuanced and even ambiguous. In particular, ownership concentration is known to mitigate the agency problem between shareholders and managers [Fama, Jensen, 1983], but at the same time it exacerbates the conflict of interest between large shareholders and minority owners. From the viewpoint of disclosure, since the dominant shareholder has alternative channels to obtain information about the firm, her incentives to disclose are reduced. She may even try to conceal information about the firm as it helps extract private benefits of control. On the other hand, a large shareholder may increase disclosure in order to send a clear signal to (minority) investors that their interests are well protected.

There is a growing literature on the effect of non-controlling large shareholders, especially second largest ones, on firm behavior and performance. Theory suggests (see e. g., [Pagano, Röell, 1998]) that a more concentrated ownership stake of non-controlling shareholders may facilitate the monitoring of the controlling owner, reducing expropriation and improving firm performance. The empirical literature, including from emerging markets, finds some support to this important role of non-controlling shareholders (see e. g., [Attig, Guedhami, Mishra, 2008; Maury, Pajuste, 2005; Jiang et al., 2018]). Importantly, greater transparency and disclosure can be one of the channels of imposing better oversight over the largest owners.

Similarly, shareholder identity may matter in non-trivial ways [Hope, 2013]. For example, family-owned firms are usually associated with less severe agency problems stemming from the separation of ownership and management, but more severe agency conflicts between controlling and non-controlling shareholders [Ali, Chen, Radhakrishnan, 2007]. Such firms may be eager to decrease disclosure in order to conceal the extraction of private benefits by family owners. D. Vural provides more sophisticated arguments why family owners may not be interested in high-quality financial reporting and provision of additional disclosure, emphasizing the value of their reputation, their long-term investment horizons and close relationships with firm executives [Vural, 2018]. In contrast, ownership by foreign investors is usually regarded as a factor contributing to better corporate governance in general and improved disclosure in particular [Aggarwal et al., 2011; Liang, Lin, Chin, 2012]. Such a positive effect on disclosure is especially pronounced for companies domiciled in emerging markets and for foreign investors coming from mature market economies that have better disclosure standards.

Government ownership, which is widespread in emerging markets, is traditionally viewed a bad idea in the corporate governance literature. The reason is the lack of ownership incentives for bureaucrats involved in the governance of state firms [Vickers, Yarrow, 1991] and the possibility for bureaucrats and politicians to interfere in state-owned firms, including outright expropriation for personal gains [Shleifer, 1998]. In this context, disclosure is viewed as a means of mitigating agency problems in firms with government ownership [Eng, Mak, 2003]. Others, however, argue that government ownership reduces disclosure as it prevents other shareholders from close monitoring of the management's related party transactions [Qu, Leung, Cooper, 2013]. Further, the level of government, e. g., central or regional, as well as the type of shareholdings (whether the state has a direct stake in the firm or owns it indirectly, through other firms) may matter [Cheung, Rau, Stouraitis, 2010; Cuervo-Cazurra et al., 2014]. For example, companies with indirect government ownership may be more likely to behave as private firms compared to companies that are directly owned by the state [Cuervo-Cazurra, Li, 2021].

Again, the empirical evidence on the effect of ownership on disclosure is quite mixed. While ownership concentration is often found to negatively affect disclosure (see e. g., [Lakhal, 2005; Lepore et al., 2018]), the estimated effect of foreign ownership is typically positive (see e. g., [Amran, Devi, 2008; Hu et al., 2018]). Government ownership appears to be most controversial. Indeed, there is evidence of a negative effect of state ownership on disclosure in Saudi Arabia [Alotaibi, Hussainey, 2016], a quadratic convex association in China [Lan, Wang, Zhang, 2013], and a positive association in Malaysia [Amran, Devi, 2008][7]. There is some indication that direct and indirect ownership by the state have different implications for corporate performance, including in Russia (see e. g., [Abramov et al., 2017]), but little is known about disclosure.

Finally, the role of the second largest shareholder for corporate disclosure has not been properly explored. One notable exception is [Cabeza-Garcia, Sacristán-Navarro, Gómez-Ansón, 2017], which shows that the presence of a second significant shareholder moderates the negative effect of family ownership and governance on CSR disclosure in Spain. Similarly, there is evidence of better disclosure practices in Italian firms that have a more equal distribution of shares among large shareholders, when the power of the largest shareholder is counterbalanced by the second largest one [Lepore et al., 2018]. Interestingly, related evidence from emerging markets is essentially missing.

Similarly to the case of board monitoring, we proceed with one general and two more specific hypotheses related to the effect of ownership structure on corporate disclosure:

Hypothesis H2. Disclosure is related to the firm's ownership structure;

Hypothesis H2a. The effect of government ownership differs depending on whether the government holds a direct stake in the company or owns its shares indirectly, through other firms;

Hypothesis H2b. Higher ownership by the second largest shareholder is associated with greater disclosure.

The literature identifies several other corporate governance attributes that are potentially relevant for corporate disclosure, such as the type of external auditors, cross-listing of the company's shares abroad, and the issue of dual-class stock. For example, L. Gao and G. Kling focus on the effect of external audit on the compliance with mandatory disclosure in China [Gao, Kling, 2012], O. Hope, T. Kang and J. Kim study

[7] The diversity of findings is best seen in review articles, such as [Garcia-Meca, Sanchez-Ballesta, 2010; Zamil et al., 2023].

voluntary disclosure by foreign firms cross-listed in the United States [Hope, Kang, Kim, 2013] while T. Li and N. Zaiats as well as D. Solomon, R. Palas and A. Baranes examine the consequences of dual-class equity structures [Li, Zaiats, 2017; Solomon, Palas, Baranes, 2020]. There are also more general factors supposedly affecting disclosure, including firm profitability, leverage, and size (see e. g., [Eng, Mak, 2003; Vural, 2018]). Since these attributes are not the focal point of our analysis, we do not include them in the literature review and do not formulate any specific hypotheses related to them. Nevertheless, we will use these factors as control variables in the regression models and will therefore be able to provide some evidence concerning their association with disclosure in the Russian case.

DATA AND METHODOLOGY

Our data come from several sources, with the Standard and Poor's (S&P) Transparency and Disclosure Index and SKRIN database being the primary ones. The data from these sources were carefully assembled, processed and merged into a unique longitudinal database. Essential details on the original sources and data aggregation are provided below.

Data and sample

The main source of data for our study is the "Transparency and Disclosure" scores compiled by the S&P for major Russian firms (see e. g., [Standard & Poor's, 2006]). The overall scores are based on about 90 individual disclosure items that characterize ownership structure and investor relations, financial and operational information as well as board and management structure and process. The scores are available for 9 years from 2002 to 2010. The data cover, depending on the wave, between 42 and 90 companies (including banks and firms operating in Russia but registered abroad). Of these, 22 companies are surveyed in all nine waves[8]. Importantly, the S&P data do not differentiate between mandatory and voluntary disclosure. These data have been exploited in a number of studies of Russian corporate governance, such as [Black, Love, Rachinsky, 2006; Banerjee, Esrin, Pal, 2022; Grosman, 2022], as well as in cross-country studies, such as the study by R. Enikolopov, M. Petrova, and S. Stepanov [Enikolopov, Petrova, Stepanov, 2014]. Importantly, they have never been used for studying the drivers of corporate disclosure[9].

The original data for our study consist of all observations in the S&P database, that is 641 firm-years in total. We then impose two substantial restrictions on the original sample. First, we drop all companies from the financial sector, which is standard in the literature. Second, we exclude a handful of companies that were only listed/traded abroad and not in Russia (they have the bulk of operations in the country, but are registered overseas). Importantly, we retain all cross-listed companies in the sample[10]. As a result, our final dataset contains 559 observations pertaining to 125 companies.

The SKRIN is one of the major sources of information about Russian enterprises

[8] Further details are available in Appendix 2 (Online supplementary material); the general methodology used by S&P is described in [Patel, Balic, Bwakira, 2002; Patel, Dallas, 2002].

[9] In particular, the above-cited studies investigate the effect of transparency and disclosure on firm performance and investment.

[10] The overwhelming majority of the Russian publicly traded firms opt for non-exchange American Depository Receipts, ADRs (Level I/Rule 144a), requiring little additional disclosure of new information. In fact, they enter a foreign stock market with a rich disclosure environment and thus may or may not opt for bringing their disclosure practices closer to its standards. Given the small number of observations with Level II/III ADRs in the population and sample, we do not differentiate between the different levels and place cross-listed firms and ADR firms in a single category.

founded in April 1999[11]. Its retrospective coverage goes back to the mid-1990s. This database provides a wealth of information about various aspects of firms' operations, such as annual and quarterly financial reports, information on the number of shares outstanding, distribution of ownership among large shareholders (the reporting threshold in Russia is 5%), and the composition of corporate boards (including directors' names, age, tenure, and positions held during the previous five years). It also contains data on the addresses, industry affiliations, and the number of employees in the firms. While the amount of information provided by the SKRIN is large, only a few variables are available in the ready-to-use format, structured by firm and year. Therefore, we have manually processed a significant volume of data in order to identify non-executive and independent directors, female and foreign directors, board system and board committees as well as foreign and state ownership, including direct and indirect forms of the latter. Essential details of our data processing algorithms are provided in Appendix 3 (Online supplementary material).

Descriptive statistics

The distribution of the 559 observations over time is shown in Figure 1. The increase in the number of observations over the study period is due to the wider coverage of Russian companies by the S&P in more recent periods. Figure 2 shows the distribution of the sampled firms by region. Firms located in Moscow, the Urals and Volga regions as well as in St. Petersburg dominate the sample. Relative to the population of publicly traded companies (studied in [Muravyev, 2017]), the sample is somewhat skewed towards companies based in Moscow. Finally, Figure 3 shows the distribution of observations by industry. Power utilities, telecommunication companies, manufacturing firms, and firms from the mining industry constitute the bulk of the sample. Overall, the industry distribution is not very different from the characteristics of the universe of publicly traded companies in Russia.

The main descriptive statistics of the variables are shown in Table 1. The overall disclosure index tops the Table 1 (*Disclosure_score*) and is followed by key governance variables characterizing boards, ownership and other aspects of the firms. The descriptive statistics suggest a modest level of transparency and disclosure by Russian companies. The overall disclosure index is close to 50, which is exactly half of the maximum on the S&P scale (0 to 100 points). In terms of disclosure dynamics, there is a clear upward trend until the 2008 financial crisis and some sort of stabilization (or even a slight decline) thereafter (see Figure 4 that shows the means of the disclosure score over time).

The detailed characteristics of corporate boards, management, and ownership are fairly similar to those in the universe of Russian publicly traded firms. The number of directors equals 10, on average; the fraction of non-executive directors amounts to 81%, however only 18% can be classified as strictly independent while 63% are grey. Foreigners constitute about 14% of the pool of directors. The share of women-directors is small, not exceeding 7%, which was typical of Russia in the early 2000s [Garanina, Muravyev, 2021]. Almost two-thirds of the firms (63%) have an audit committee within their boards. Finally, 68% of the companies have a two-tier board structure comprising — in addition to the supervisory board whose characteristics were discussed above — a management board. The other 32% have a one-tier board with a unitary executive body represented by a CEO[12].

[11] Company SKRIN. URL: http://www.skrin.com/ (accessed: 20.12.2023).

[12] Details on the structure and composition of corporate boards on Russian companies can be found in [Iwasaki, 2008; 2013]. The role of the boards and other corporate governance mechanisms in the Russian economy is discussed in [Dolgopyatova, Iwasaki, Yakovlev, 2009; Dolgopyatova, Libman, Yakovlev, 2018].

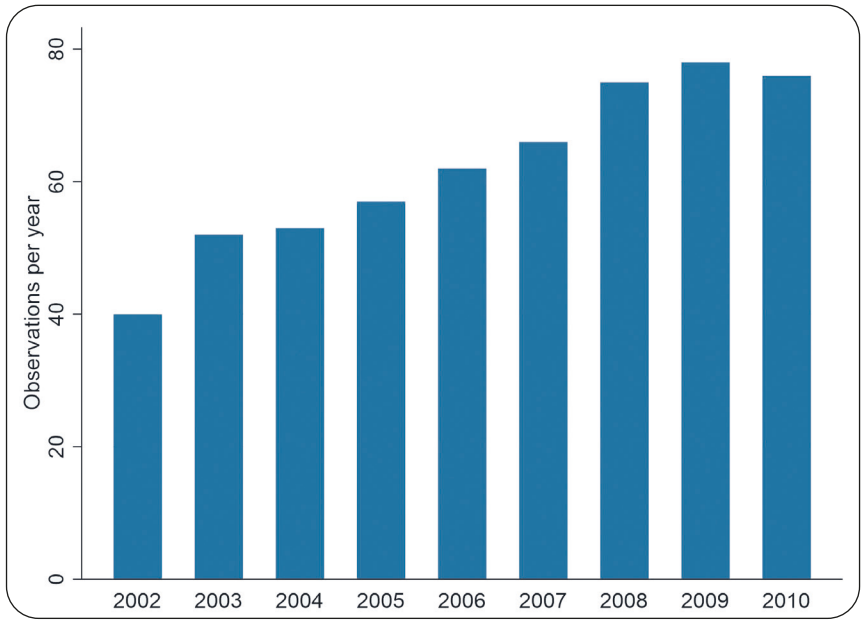

Fig. 1. The distribution of observations over time

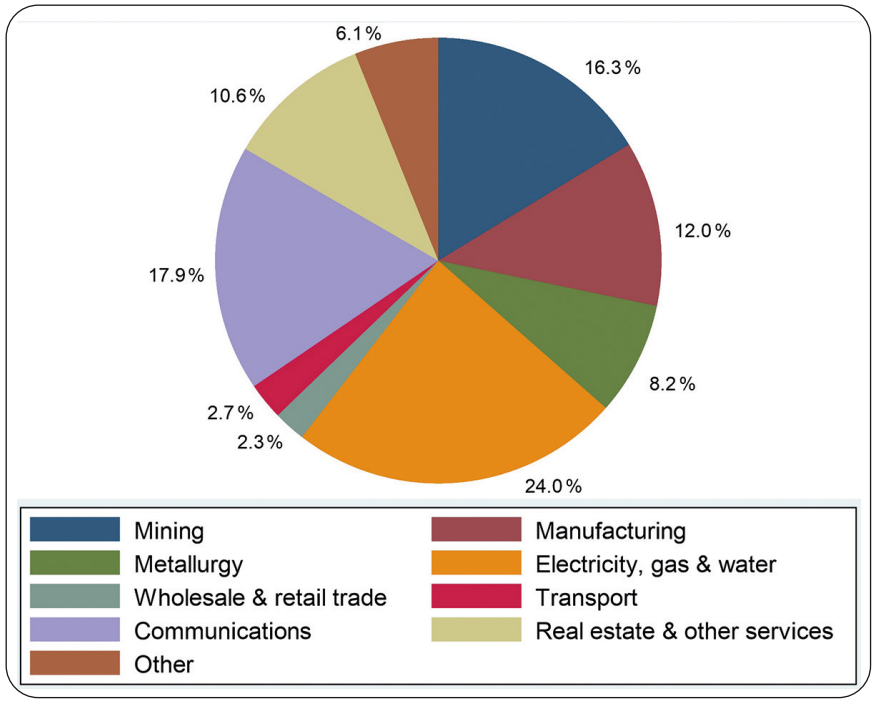

Fig. 2. The distribution of observations by macro-region

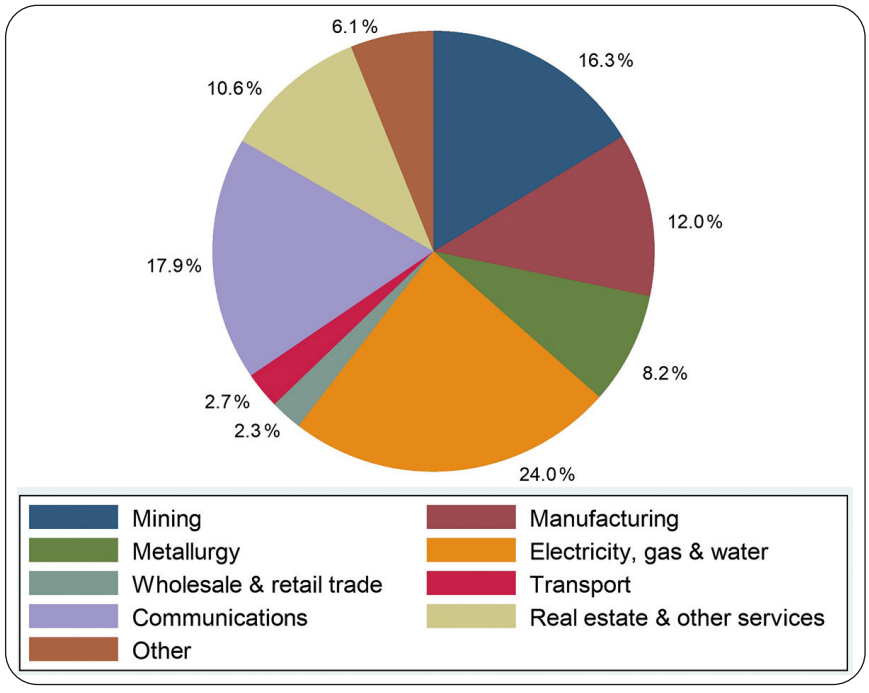

Fig. 3. The distribution of observations by industry

Regarding ownership variables, the largest shareholder holds a huge stake, amounting to 48%, on average. This is not unusual as the Russian corporate sector has long been known for concentrated ownership (see e. g., [Iwasaki, Mizobata, Muravyev, 2018]). The second largest shareholders keep, on average, 18% of the stock and thus can exert substantial influence on the company. In particular, under cumulative voting, which is mandatory for the election of board members in Russia, such a block allows appointing two directors to the corporate board of the average company. Government ownership in the companies sampled is modest, 15% on average. However, it is distributed very unevenly: while the majority of companies are fully private, others have considerable ownership by the state. Interestingly, direct government ownership is rather small, a mere 4%, whereas indirect one — via state-controlled companies — is more substantial, amounting to 11%, on average.

The data show that two-thirds of the sampled firms appoint an auditor from the Big-4 group. A similar fraction of firms cross-list their shares by issuing ADRs of GDRs[13]. Dual-class stock companies represent 38% of the observations. The key financial variables indicate that the firms sampled are moderately levered and are, on average, profitable. Again, these statistics are very much in line with those reported in previous studies (see e. g., [Black, Love, Rachinsky, 2006; Muravyev, 2017]), although the S&P sample appears to be somewhat skewed towards larger companies.

Table 2 shows the correlation matrix of the key variables in our analysis. It provides first evidence that the amount of disclosure is positively and significantly related to a number of key governance attributes such as board independence, two-tier boards, the proportion of foreign directors on the board, the presence of an audit committee, the share of foreign ownership, the issue of ADR,

[13] Interestingly, the average disclosure score remains rather low despite these positive — from the viewpoint of corporate governance — attributes in most firms.

Table 1

Descriptive statistics

Variable	Definition	Mean	Median	St.dev.	Min	Max
Disclosure_score	S&P T&D disclosure score, 0–100	50.03	52.42	16.73	6.08	85.5
Non_exec_share	Share of non-executive directors on the board, %	81.09	88.89	18.33	11.11	100
Independ_share	Share of truly independent directors on the board, %	18.15	14.29	17.45	0	77.78
Grey_share	Share of grey directors on the board, %	62.94	66.67	24.22	0	100
Two_tier_board	Dummy for two-tier boards	0.68	1	0.47	0	1
No_directors	Board size	10.26	11	2.16	5	17
Gender_share	Share of women directors on the board, %	6.78	0	8.59	0	37.5
Foreign_share	Share of foreign directors on the board, %	13.93	5.88	18.82	0	71.43
Audit_committee	Dummy for audit committee	0.63	1	0.48	0	1
State_ownership	State ownership, %	14.82	0	23.05	0	100
State_direct	Direct state ownership by government or its agencies, %	3.96	0	13.80	0	100
State_indirect	Indirect state ownership via state-controlled firms, %	10.87	0	20.67	0	93.48
Foreign_ownersh	Foreign ownership, %	2.38	0	7.32	0	44.63
Largest_owner	Stake of the 1st largest owner, %	48.25	46	18.77	8.1	100
Second_largest	Stake of the 2nd largest owner, %	18.13	19	10.08	0	49
Dual_class_stock	Dummy for dual class stock	0.38	0	0.49	0	1
Cross_listing	Dummy for ADR/GDR	0.67	1	0.47	0	1
Big-4_auditor	Dummy for Big-4 auditor	0.67	1	0.47	0	1
Log(sales)	Firm size, log(sales)	11.12	10.84	1.63	1.5	15.24
Leverage	Leverage, long-term debt/ (equity+long-term debt), %	22.26	18.02	18.73	0	69.63
ROA	Return on assets, %	8.54	6.21	9.86	–10.24	34.96

Note: the number of observations is 559 for all variables.

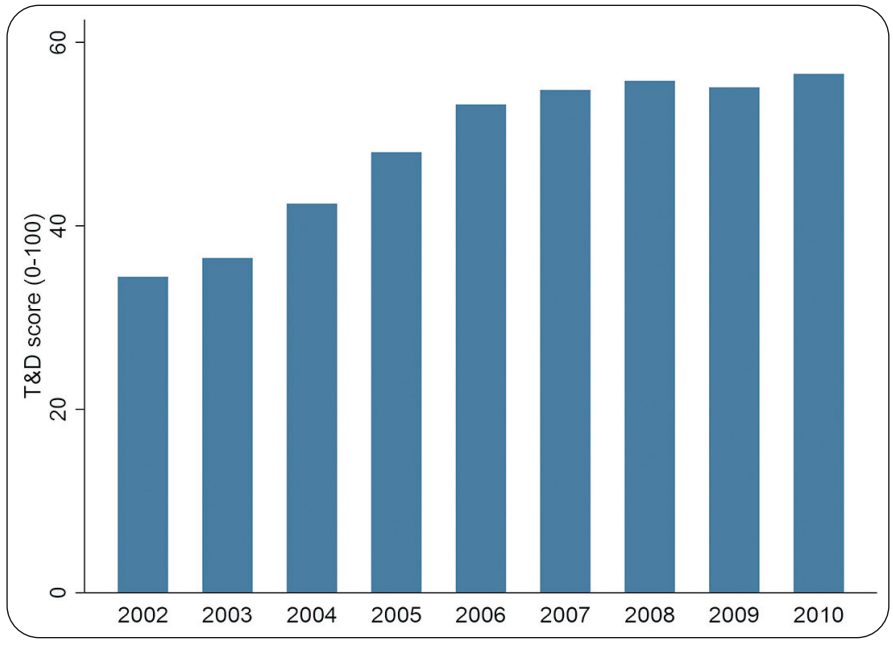

Fig. 4. The means of the S&P disclosure score over time

the appointment of a Big-4 auditor, as well as to firm size and leverage. The disclosure score appears to be lower in companies with dual class stock and is also negatively (albeit not significantly) related to board size and the proportion of grey directors. Notably, some governance variables seem to be closely related to each other. For example, the proportion of independent directors is smaller in two-tier boards, decreases with both board size and state ownership and is positively related to foreign directorship. Additionally, board independence is higher in companies that establish an audit committee and appoint a Big-4 auditor. These close associations between different governance variables highlight the importance of multiple regression analysis with an extensive set of controls.

Methods

Our empirical framework is similar to that used in most other studies of disclosure [Bueno et al., 2018; Gisbert, Navallas, 2013]. The regression analysis takes the disclosure score as the dependent variable and corporate governance attributes as explanatory ones. Given the nature of the data, we rely on conventional regression methods for panel data. In the most general form, our econometric model can be written in the following way:

$$Disclosure\_score_{it} = a_i + X_{it}\beta + W_{it}\delta + \gamma_t + \varepsilon_{it}, \quad (1)$$

where $Disclosure\_score_{it}$ stands for the disclosure score of firm i in year t; a_i is an intercept (which is firm-specific); X_{it} includes variables characterizing the corporate board and ownership structure of firm i in year t; vector W_{it} denotes a set of control variables; γ_t is a time effect and ε_{it} is a random disturbance; the key coefficients of interest are contained in vector β.

Control variables W_{it} (as well as firm and time effects) aim to ensure that the ceteris paribus conditions, which are critical for interpreting the link between disclosure and governance variables in a causal sense, hold. In selecting these variables, we rely

on prior studies of disclosure, such as [Glaum et al., 2013; Hodgdon, Hughes, 2016; Vural, 2018], as well as studies of corporate governance in Russian firms [Muravyev, Berezinets, Ilina, 2014; Muravyev, 2017]. For example, we do not control for CEO duality as it is explicitly banned in Russia's corporate law since 1996. Overall, our list of controls includes firm size, financial leverage, profitability (*ROA*), and industry dummies as well as additional variables characterizing firm-level corporate governance, such as cross-listing abroad, the use of dual class stock, and the appointment of a BIG-4 auditor. To avoid overfitting and to check robustness of regression results, we consider different specifications with different sets of explanatory variables rather than one large model with all explanatory variables included at a time.

For statistical inference, we compute cluster-robust standard errors in order to account for potential heteroscedasticity and within-firm correlation of the error terms.

Parameter estimates are obtained using the pooled OLS, fixed effects (*FE*) and random effects (*RE*) estimators. The pooled OLS model is the most restrictive as it imposes a common intercept $\alpha_i = \alpha \forall\, i$ and, therefore, ignores unobserved heterogeneity across the firms. The presence of unobserved effects *ai* is checked using the Breusch and Pagan test for random effects (following the RE estimation). When unobserved heterogeneity is detected, the *RE* estimator is theoretically preferred as most efficient; however, it is inconsistent if *ai* are correlated with the regressors of the model. In this case, one has to rely on the *FE* estimator, which allows arbitrary correlation between *ai* and the regressors. Its main drawback is the reliance on the within variation in the variables, which may be small or even absent for many corporate governance attributes. We check the consistency of the *RE* estimator (and choose between the *FE* and *RE* estimators) using the robust version of the Hausman test [Kaiser, 2014].

EMPIRICAL RESULTS

The main empirical results are reported in Table 3. We start with a parsimonious specification (column 1) that only includes a set of key regressors: the percentage of non-executive directors on the board, the dummy for two-tier boards, the percentage of shares owned by the state (total government ownership), and a standard set of controls: firm size (measured by log sales), leverage, profitability (*ROA*), as well as industry and time dummies. We then modify and expand the list of key variables of interest, specifically by distinguishing between truly independent and grey directors, between direct and indirect government ownership and by adding further controls. All the regressions in Table 3 are estimated using the *RE* estimator as the Breusch and Pagan test does detect unobserved heterogeneity while the Hausman test does not reject the consistency of the *RE* estimator (the *p-values* of both tests are shown at the foot of Table 3)[14]. The reported standard errors are cluster-robust, accounting for potential heteroscedasticity and serial correlation within firms.

The estimation results for the most parsimonious model in column 1 (Table 3) imply a positive relationship between disclosure and the percentage of non-executives on the boards. The respective coefficient is statistically significant at the five percent level. This is consistent with disclosure and board independence being complements. Numerically, a 10 percentage point increase in the share of non-executive directors on the board (which is roughly equivalent to adding an extra non-executive director to the average

[14] The *FE* results are shown in Appendix 4 (Online supplementary material). The signs and magnitudes of most coefficients are similar to those in the *RE* regressions, but the statistical significance suffers as a result of small within variation in many governance variables. Some coefficients are apparently estimated using a handful of observations (e. g., there are very few changes in the variable *Dual_class_stock* over time).

	Variable	1	2	3	4	5	6	7	8	9	10
1	Disclosure_score	1									
2	Non_exec_share	0.243	1								
3	Independ_share	0.420	0.084	1							
4	Grey_share	–0.119	0.696	–0.657	1						
5	Two_tier_board	0.183	0.220	–0.142	0.269	1					
6	No_directors	–0.060	0.169	–0.230	0.294	0.435	1				
7	Gender_share	0.003	0.091	–0.125	0.159	0.120	0.088	1			
8	Foreign_share	0.305	0.124	0.455	–0.234	–0.311	–0.312	–0.293	1		
9	Audit_committee	0.558	0.124	0.288	–0.114	0.143	–0.038	0.077	0.067	1	
10	State_ownership	0.060	0.226	–0.169	0.292	0.318	0.364	0.203	–0.370	0.076	1
11	State_direct	–0.029	0.012	–0.100	0.081	0.175	0.319	–0.114	–0.147	0.074	0.463
12	State_indirect	0.086	0.244	–0.125	0.273	0.243	0.193	0.299	–0.313	0.032	0.798
13	Foreign_ownersh	0.145	–0.054	0.136	–0.140	–0.075	–0.171	–0.093	0.059	0.118	–0.114
14	Largest_owner	–0.006	0.198	0.052	0.112	–0.104	–0.149	–0.057	0.198	0.018	0.096
15	Second_largest	0.080	0.074	–0.052	0.094	0.150	0.131	0.100	–0.071	0.032	–0.078
16	Dual_class_stock	–0.187	0.080	–0.089	0.125	–0.017	0.171	0.093	–0.134	–0.366	0.126
17	Cross_listing	0.456	0.089	0.133	–0.028	0.208	0.186	0.062	–0.056	0.242	0.236
18	Big–4 auditor	0.489	0.192	0.168	0.024	0.235	0.048	0.053	0.146	0.395	0.104
19	Log(sales)	0.297	–0.061	0.043	–0.078	0.037	0.160	–0.162	0.079	0.062	0.054
20	Leverage	0.150	0.060	0.149	–0.063	–0.005	–0.033	–0.063	0.044	0.095	0.017
21	ROA	0.071	–0.072	0.039	–0.083	–0.120	–0.139	0.050	0.114	–0.016	–0.117

Note: correlations that are statistically significant at the 0.1% level are marked bold.

Table 2

The correlation matrix

11	12	13	14	15	16	17	18	19	20	21
1										
–0.152	1									
–0.080	–0.074	1								
0.072	0.059	–0.292	1							
–0.072	–0.039	0.031	–0.365	1						
–0.047	0.174	–0.134	–0.215	–0.114	1					
0.078	0.212	0.070	–0.312	0.178	0.011	1				
–0.066	0.162	0.030	0.015	–0.016	–0.016	0.248	1			
0.235	–0.100	0.022	0.093	–0.130	0.034	0.171	0.139	1		
0.051	–0.016	0.042	–0.031	–0.065	0.002	0.067	0.046	0.011	1	
–0.062	–0.089	0.021	0.101	–0.053	–0.001	–0.056	0.057	0.180	–0.249	1

Table 3

Main regression results, the random–effects models

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Non_exec_share	0.087**				0.049			0.051*
	(0.042)				(0.031)			(0.030)
Independ_share		0.226***	0.128**	0.110**		0.224***	0.112**	
		(0.061)	(0.054)	(0.045)		(0.059)	(0.046)	
Grey_share		0.080**	0.061*	0.049		0.080**	0.051*	
		(0.036)	(0.037)	(0.031)		(0.033)	(0.030)	
Two_tier_board	1.566	2.195	3.220**	2.930**	2.864**	2.147	2.736**	2.662*
	(1.463)	(1.407)	(1.414)	(1.366)	(1.403)	(1.401)	(1.374)	(1.414)
No_directors		–0.063	0.019	0.019	0.014	–0.199	–0.155	–0.151
		(0.378)	(0.346)	(0.268)	(0.274)	(0.339)	(0.258)	(0.263)
Gender_share			0.020	0.010	0.012		0.011	0.012
			(0.066)	(0.062)	(0.061)		(0.060)	(0.060)
Foreign_share			0.174***	0.153***	0.171***		0.152***	0.170***
			(0.048)	(0.043)	(0.045)		(0.043)	(0.045)
Audit_committee			7.098***	4.820***	5.073***		4.678***	4.932***
			(1.525)	(1.351)	(1.342)		(1.355)	(1.339)
State_ownership	–0.019							
	(0.024)							
State_direct		–0.096**	–0.086**	–0.087***	–0.088***			
		(0.045)	(0.044)	(0.031)	(0.032)			
State_indirect		0.013	0.024	0.011	0.010			
		(0.028)	(0.026)	(0.026)	(0.026)			
Foreign_ownersh				0.124**	0.124**			
				(0.058)	(0.058)			
Largest_owner						–0.021	–0.004	–0.003
						(0.035)	(0.030)	(0.029)
Second_largest						0.144**	0.090*	0.091*
						(0.056)	(0.050)	(0.050)
Dual_class_stock				–6.734***	–6.597***		–6.274***	–6.118***
				(1.610)	(1.646)		(1.759)	(1.800)
Cross_listing				7.631***	7.830***		7.548***	7.754***
				(1.483)	(1.485)		(1.472)	(1.463)
Big–4_ auditor				2.828**	2.813**		3.071**	3.052**
				(1.266)	(1.291)		(1.289)	(1.311)
Log(sales)	3.380***	3.507***	3.280***	2.988***	2.979***	3.434***	2.884***	2.874***
	(0.444)	(0.426)	(0.402)	(0.363)	(0.369)	(0.413)	(0.356)	(0.364)

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Leverage	0.020	0.014	0.008	0.004	0.007	0.020	0.010	0.012
	(0.033)	(0.032)	(0.032)	(0.029)	(0.030)	(0.033)	(0.030)	(0.030)
ROA	–0.024	–0.030	–0.031	–0.024	–0.022	–0.026	–0.019	–0.018
	(0.072)	(0.076)	(0.074)	(0.067)	(0.065)	(0.073)	(0.064)	(0.062)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R2_overall	0.513	0.567	0.647	0.713	0.703	0.574	0.705	0.694
No obs.	559	559	559	559	559	559	559	559
p–values of tests:								
Breusch–Pagan	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Hausman	0.289	0.228	0.487	0.784	0.540	0.205	0.421	0.550
Independ_share Grey_share		0.007	0.169	0.159		0.005	0.151	
State_direct State_indirect		0.027	0.020	0.008	0.009			
Largest_owner Second_largest						0.007	0.071	0.067

Notes: the dependent variable is the S&P transparency and disclosure score that ranges from 0 to 100; cluster-robust standard errors in parentheses; * — $p < 0.10$; ** — $p < 0.05$; *** — $p < 0.01$.

board consisting of 10 members) is associated with 0.85% increase in the disclosure score (which varies from 0 to 100). Alternatively, moving from an insider-dominated board where all the members are executives to an outsider-dominated board with no executives raises the disclosure score by 8.5%. The estimates imply no link between disclosure on the one hand, and two-tier board structure and government ownership, on the other. They also indicate that larger firms tend to disclose more; this result is stable throughout our analysis. Such an effect of firm size is found in most previous studies of disclosure (see e. g., [Eng, Mak, 2003; Lan, Wang, Zhan, 2013; Allegrini, Greco, 2013]). Interestingly, no effect of financial variables such as leverage and profitability is detected[15]. To sum up, the results reported in Column 1 lend some support to *hypothesis H1*.

The regression in column 2 splits non-executive directors into truly independent and grey directors, adds board size and differentiates between direct and indirect ownership by the state. Among the governance variables, only the percentages of truly independent and grey directors are positive and significant, whereas direct government ownership is negative and significant. Notably, the point estimate for independent directors is almost three times larger than that for grey directors. Numerically, adding an extra truly independent director increases disclosure by about 2.2% while the effect of an extra grey director is just 0.8%, on average. Given that the difference between

[15] This result holds in the subsequent analysis. Leverage and profitability are statistically insignificant and do not affect the main results in any important way. This is true of both contemporaneous and lagged values of these variables. We keep them in the regressions to ensure comparability of our models with those used in previous studies.

these two coefficients is statistically significant at the one percent level (see the result of the formal test at the foot of the table), we do not reject Hypothesis 1a that stresses the importance of the operational definition of an independent director and board independence at large.

The estimated coefficient on the two-tier board dummy is positive, economically large (the disclosure score is two percentage points larger in companies with two-tier boards), but fails to achieve statistical significance at the conventional levels. Therefore, this specification lends no support for *hypothesis H1b*. Interestingly, the effect of board size is statistically insignificant. However, in contrast to the coefficient on the two-tier board dummy, it is also economically small.

Regarding ownership variables, the effect of direct government ownership on disclosure is negative and statistically significant at the five percent level, whereas the effect of indirect state ownership is essentially nil (economically and statistically insignificant). The difference between these coefficients is significant at the five percent level. This result is consistent with *hypothesis H2a* stating that the effects of direct state ownership and indirect one on disclosure are not identical. It also suggests that, in terms of the effect on disclosure, indirect government ownership is not different from private ownership. This is in line with the argument by A. Cuervo-Cazurra and C. Li stating that companies with indirect government ownership are more likely to behave as private firms [Cuervo-Cazurra, Li, 2021].

Next, we expand the set of controls by introducing additional characteristics of corporate boards (column 3). These include the percentage of female directors, of foreign directors, and the presence of an audit committee on the board. While board gender diversity appears to be irrelevant for disclosure according to the results obtained, the specification shows positive and statistically significant coefficients on the other two variables. In particular, the disclosure score is higher in firms that appoint more foreign directors and establish an audit committee. These effects are economically important: establishing an audit committee is associated with an increase in the disclosure score by seven percentage points, whereas appointing an extra foreign director raises it by 1.7 %. These results are generally consistent with *hypothesis H1*.

Interestingly, the additional controls included in the model accentuate the role of two-tier boards. The respective coefficient becomes statistically significant at the five percent level, which supports *hypothesis H1b*. In contrast, the coefficients on the percentage of independent and grey directors drop in magnitude, with the latter losing statistical significance at the conventional levels. A more careful inspection of the data with additional regressions (not shown) reveals that the key role here is played by the proportion of foreign directors: it is exactly this factor that reduces the effect of independent and grey directors on disclosure. This is hardly surprising: as shown in Table 2, the shares of independent and foreign directors are highly correlated. Overall, the results indicate that the effect of foreign independent directors may be different from that of independent directors who are Russian nationals. This is consistent with the findings by A. Grosman, R. V. Aguilera and M. Wright that foreign independent directors in Russian companies are particularly effective, for example, in monitoring the allocation of resources to investment [Grosman, Aguilera, Wright, 2019].

Finally, the estimated effects of direct and indirect government ownership are similar to those reported in column 2. Direct government ownership is associated with lower disclosure scores, whereas indirect government ownership does not matter (is not different from private ownership, which is the base category). The difference between the two is statistically significant at the five percent level (supporting *hypothesis H2a*).

The regression in column 4 adds further controls: a continuous variable for foreign ownership and a set of dummies: for dual class stock, cross-listing abroad and the appointment of a Big-4 auditor. These correspond to the factors that have often been found important in previous studies (see e. g., [Gao, Kling, 2012; Hope, Kang, Kim, 2013; Li, Zaiats, 2017]). The estimated coefficients on these newly included variables have the expected signs and are statistically significant, consistent with complementarity between disclosure and corporate governance. The issue of dual class stock and cross-listing abroad appear to have particularly large effects on disclosure. Specifically, dual class stock structures, which are often associated with more severe agency problems in firms, decrease the disclosure score by nearly seven percentage points while the issue of ADR raises disclosure by almost 8%[16]. The estimated effect of appointing a Big-4 auditor is just a half of these, less than 3%.

In terms of the key variables of interest, we observe that disclosure is positively and significantly linked to the proportion of truly independent directors and statistically insignificantly related to the proportion of grey directors, and that companies with two-tier boards disclose more. Again, this lends support to *hypotheses H1, H1a and H1b*. The coefficient on direct state ownership retains its magnitude and becomes statistically significant at the one percent level. Importantly, the difference in the coefficients on direct state ownership and indirect one retains statistical significance at the one percent level, consistent with our *hypotheses H2 and H2a*. Economically, though, the effect of direct state ownership is not that large: a firm fully owned by government has a disclosure score that is nine percent smaller compared to a fully private firm. Thus, the effect of full ownership by the state is comparable to the effect of issuing two classes of stock.

The regression in column 5 is identical to the one in column 4 except that the variables for independent and grey directors are merged into a single variable for non-executive directors as in column 1. The coefficient on the percentage of non-executive directors is positive, but lacks statistical significance. This result once again demonstrates that the precise definition of board independence may be critical in the analysis of company disclosure. The other coefficients are similar to those reported in column 4.

The models shown in columns 6, 7 and 8 are intended to test *hypothesis H2b* that deals with ownership concentration. Here, the state and foreign ownership variables are replaced by the variables measuring the stakes of the largest owner and the second largest one. Except for this modification, the model is column 6 is identical to the one in column 2, the model in column 7 replicates that in column 4, while the model in column 8 is similar to that in column 5. The estimates suggest no significant (either economically or statistically) effect on disclosure of the ownership stake of the largest shareholder. However, the stake of the second largest owner is positively and statistically significantly associated with the amount of disclosure in all three models. Moreover, the difference in the coefficients on the largest owner and the second largest one is statistically significant. Economically, a ten percentage points increase in the ownership by the second largest shareholder improves disclosure by 1.4% (column 6). Overall, the results lend some support to *hypothesis H2b*, which states that the second largest owners have both incentives and power to restrain potential opportunism by the largest owners, including via enhanced disclosure. This finding is broadly consistent with a number of prior studies, such as [Cabeza-Garcia, Sacristán-Navarro, Gómez-Ansón, 2017; Lepore et al., 2018].

[16] This is despite the fact that almost all firms, save a handful, opt for over-the-counter ADR trades only, with virtually no additional disclosure requirements.

The coefficients on the other variables are similar to those discussed above. The effect of truly independent directors is larger compared to that of grey directors, whereas two-tier boards seem to enhance disclosure. Foreign directors and audit committees as well as cross-listing, the issue of dual-class stock, and the appointment of a Big-4 auditor are all economically and statistically significant. Again, the effects of some control variables on the disclosure score appear to be much larger compared to those of the key variables of interest. Interestingly, some of the factors that were found important in prior research (for example, board size, gender diversity, leverage, and profitability) turn out to be irrelevant for disclosure in the Russian context as the respective coefficients remain statistically insignificant throughout the analysis, i. e., in all models reported in Table 3.

To sum up, the analysis presented provides at least some support to all hypotheses developed in Section 1 of this paper. In particular, there is substantial evidence that, other things being equal, disclosure increases with board monitoring (*Hypothesis H1)* as proxied by several variables, such as board independence and the existence of an audit committee, that the effects of truly independent and grey directors are different in magnitude (*Hypothesis H1a)*, and that two-tier boards are associated with greater disclosure (*Hypothesis H1b*). Moreover, ownership is confirmed to be an important determinant of disclosure (*Hypothesis H2*), with direct and indirect government ownership having different implications (*Hypothesis H2a*) and the second largest owners playing a visible role in enhancing disclosure (*Hypothesis H2b*). The results also indicate the significance of other corporate governance attributes, such as cross-listing, the appointment of a Big-4 auditor and the issue of dual class stock for corporate disclosure.

Overall, the results obtained strongly support the idea that disclosure and corporate governance mechanisms are complements rather than substitutes: greater disclosure is typical of companies that have better corporate governance characteristics. Importantly, none of the factors that may be associated with good corporate governance exhibits a negative effect on disclosure. At most, we observe a non-significant (both economically and statistically) association, such as in the case of board size and gender diversity.

CONCLUSION

Disclosure is commonly viewed as an important means of mitigating various agency conflicts in firms, e. g., between owners and managers and/or between controlling shareholders and minority investors. Given this role of disclosure, its determinants and relationships with corporate governance mechanisms, such as corporate boards, large blockholders, and investor protection, have been of substantial interest in the accounting and corporate governance literature. However, empirical studies do not provide a clear picture, at least for some corporate governance mechanisms.

This paper uses data from an emerging economy of Russia to examine the effect of the governance structure of firms on their disclosure practices. The value added of this analysis is three-fold. First, the focus on a country with a relatively poor corporate governance environment in general and low mandated disclosure standards in particular allows us to observe many relationships that would be hard to detect in a better institutional environment. In other words, Russia seems to be a particularly useful laboratory for testing general hypotheses on the link between disclosure and corporate governance. Second, we concentrate on several drivers of disclosure that have been insufficiently studied or remain controversial in the existing literature, such as one-tier vs. two-tier corporate boards and the presence of grey directors (as proxies for board

monitoring) as well as direct vs. indirect government ownership and the role of the second-largest shareholder (as essential attributes of ownership structure). Third, our study is one of the first that provides evidence for Russia and is therefore a valuable contribution to the comparative literature on corporate disclosure, especially in emerging markets.

Our analysis is based on a unique longitudinal database of Russian companies assembled from several sources, including the Standard and Poor's (S&P) Transparency and Disclosure Index and SKRIN database. We apply conventional methods of regression analysis, the *RE* and *FE* estimators, to the data collected and employ numerous specifications and checks to better gauge the relationship between disclosure and firm characteristics.

We find strong evidence of complementarity between disclosure and firm-level corporate governance attributes. Better governance as measured by several proxies for board and shareholder monitoring as well as by dummies for cross-listing abroad, the issue of dual-class stock, and the appointment of BIG-4 auditors is associated with greater disclosure. Concerning the role of corporate boards, disclosure increases with board monitoring as proxied by board independence, foreign directorship, and the existence of an audit committee. Additionally, companies with two-tier boards have higher disclosure scores compared to companies with one-tier boards. This finding adds to the current discussion about the relative effectiveness of alternative board structures in monitoring and oversight (see e. g., [Pham, Tran, 2019; Khan, Nosheen, ul Haq, 2020]). Interestingly, our findings run contrary to the supposition by E. Garcia-Meca and J. P. Sanchez-Ballesta that complementarity between board independence and corporate disclosure only holds in countries with good institutional and disclosure environments [Garcia-Meca, Sanchez-Ballesta, 2010]. This study suggests that it may hold under weak institutions, too.

We also document complementarity between disclosure and monitoring by shareholders, as evidenced by the positive effect on disclosure of the second largest owner's stake. This result adds to the thin but growing literature on the role of non-controlling shareholders in enhancing corporate disclosure (see e. g., [Cabeza-Garcia, Sacristán-Navarro, Gómez-Ansón, 2017; Lepore et al., 2018]). There is also evidence of the negative effect of direct government ownership on disclosure, which has been a contested issue, especially in the emerging markets (see e. g., [Alotaibi, Hussainey, 2016; Lan, Wang, Zhang, 2013; Amran, Devi, 2008]).

The analysis presented highlights important nuances in studying the association between disclosure and key governance attributes. For example, empirical results seem to be quite sensitive to the operational definition of board independence and government ownership. It turns out that only truly independent directors have a robust positive effect on disclosure and only direct government ownership (but not indirect one) is associated with lower disclosure scores. Therefore, at least some of the differences in prior research may be attributed to the different definitions of governance variables used.

Our findings also draw attention to the sensitivity of empirical results to econometric specifications, with potential mediating roles of some governance variables. A prominent example is a much weaker association between disclosure and board independence once foreign directorship is controlled for. Comparisons between different studies should take into account such differences in empirical designs.

There is at least one important policy implication from our analysis that concerns contemporary Russia. Given the current exodus of qualified independent and foreign directors from the boards of Russian companies, the relaxation of the mandatory disclosure regulations that was initiated by government in response to the Western sanctions may bring a new portion of bad news

for the country. Indeed, given the complementarity between disclosure and corporate governance, this decision may amplify the risks of poor governance and performance in Russian companies.

Several caveats are due. First, while the Russian setting is interesting and informative for the study of disclosure, it is still country-specific. For example, it does not allow examining the role of some governance attributes, such as CEO duality or family ownership, as they are either banned by law or remain uncommon in the country. Second, we rely on S&P data that only measure total disclosure. Although the focus on total disclosure is a valid approach, especially in the context of emerging markets characterized by poor enforcement of and imperfect compliance with regulations (see e. g., [Liu, Valenti, Chen, 2016]), a big picture would still require separating voluntary disclosure from the compliance with mandatory rules. Next, there still remains concerns about the external validity of the results obtained using the S&P data as the sampling procedure is not very transparent and the sample is apparently skewed towards larger firms. Finally, similar to most of the studies cited above, we do not explicitly address endogeneity concerns in the empirical analysis. While we control for unobserved heterogeneity among firms using the *RE* estimator and have sufficient evidence that time-invariant omitted variables are not destroying our estimates (i.e., the Hausman test confirms that the unobserved heterogeneity is not correlated with the regressors), there is still a chance that the results are affected by reverse causation. Still, in terms of the methods employed, we are in a good company with other scholars and therefore believe that our analysis offers a fine contribution to the contemporary comparative literature on corporate governance and disclosure.

Acknowledgement

Alexander Muravyev is grateful to the Moscow office of the S&P and Yulia Kochetygova in particular for kindly providing the data on corporate transparency and disclosure in Russian companies.

REFERENCES

Abdelsalam O. H., Street D. L. 2007. Corporate governance and the timeliness of corporate internet reporting by UK listed companies. *Journal of International Accounting, Auditing and Taxation* **16** (2): 111–130.

Abramov A., Radygin A., Entov R., Chernova M. 2017. State ownership and efficiency characteristics. *Russian Journal of Economics* **3** (2): 129–157.

Adams R. B., Ferreira D. 2009. Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics* **94** (2): 291–309.

Aggarwal R., Erel I., Ferreira M., Matos P. 2011. Does governance travel around the world? Evidence from institutional investors. *Journal of Financial Economics* **100** (1): 154–181.

Ali A., Chen T. Y., Radhakrishnan S. 2007. Corporate disclosures by family firms. *Journal of Accounting and Economics* **44** (1–2): 238–286.

Ali W., Frynas J. G., Mahmood Z. 2017. Determinants of corporate social responsibility (CSR) disclosure in developed and developing countries: A literature review. *Corporate Social Responsibility and Environmental Management* **24** (4): 273–294.

Allegrini M., Greco G. 2013. Corporate boards, audit committees and voluntary disclosure: Evidence from Italian listed companies. *Journal of Management & Governance* **17** (1): 187–216.

Alotaibi K. O., Hussainey K. 2016. Determinants of CSR disclosure quantity and quality: Evidence from non-financial listed

firms in Saudi Arabia. *International Journal of Disclosure and Governance* **13** (4): 364–393.

Amran A., Devi S.S. 2008. The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia. *Managerial Auditing Journal* **23** (4): 386–404.

Ariffin M.S.M., Wan-Hussin W.N., Malak S.S.D.A. 2020. Disclosure of AGM minutes on corporate website: An assessment of Malaysian listed companies. *International Journal of Banking and Finance* **15** (2): 1–23.

Attig N., Guedhami O., Mishra D. 2008. Multiple large shareholders, control contests, and implied cost of equity. *Journal of Corporate Finance* **14** (5): 721–737.

Banerjee S., Estrin S., Pal S. 2022. Corporate disclosure, compliance and consequences: Evidence from Russia. *European Journal of Finance* **28** (17): 1770–1802.

Beekes W., Brown P., Zhan W., Zhang Q. 2016. Corporate governance, companies' disclosure practices and market transparency: A cross country study. *Journal of Business Finance & Accounting* **43** (3–4): 263–297.

Black B.S., Love I., Rachinsky A. 2006. Corporate governance indices and firms' market values: Time series evidence from Russia. *Emerging Markets Review* **7** (4): 361–379.

Borokhovich K.A., Boulton T.J., Brunarski K.R., Harman Y.S. 2014. The incentives of grey directors: Evidence from unexpected executive and board chair turnover. *Journal of Corporate Finance* **28**: 102–115.

Botosan C.A. 1997. Disclosure level and the cost of equity capital. *Accounting Review* **72** (3): 323–349.

Bueno G., Marcon R., Pruner-da-Silva A.L., Ribeirete F. 2018. The role of the board in voluntary disclosure. *Corporate Governance: The International Journal of Business in Society* **18** (5): 886–910.

Cabeza-Garcia L., Sacristán-Navarro M., Gómez-Ansón S. 2017. Family involvement and corporate social responsibility disclosure. *Journal of Family Business Strategy* **8** (2): 109–122.

Central Bank of Russia. 2014. Corporate governance code. *Official Journal of the CBR* **40** (1518). (In Russian)

Chen K.C., Wei K.C., Chen Z. 2003. *Disclosure, Corporate Governance, and the Cost of Equity Capital: Evidence from Asia's Emerging Markets*. Working Paper, Hong Kong University of Science and Technology: Hong Kong.

Chernykh L. 2008. Ultimate ownership and control in Russia. *Journal of Financial Economics* **88** (1): 169–192.

Cheung Y.L., Rau P.R., Stouraitis A. 2010. Helping hand or grabbing hand? Central vs. local government shareholders in Chinese listed firms. *Review of Finance* **14** (4): 669–694.

Coles J.L., Daniel N.D., Naveen L. 2008. Boards: Does one size fit all? *Journal of Financial Economics* **87** (2): 329–356.

Cotter J., Lokman N., Najah M.M. 2011. Voluntary disclosure research: Which theory is relevant? *Journal of Theoretical Accounting Research* **6** (2): 77–95.

Cucari N., Esposito de Falco S., Orlando B. 2018. Diversity of board of directors and environmental social governance: Evidence from Italian listed companies. *Corporate Social Responsibility and Environmental Management* **25** (3): 250–266.

Cuervo-Cazurra A., Li C. 2021. State ownership and internationalization: The advantage and disadvantage of stateness. *Journal of World Business* **56** (1): 101112.

Cuervo-Cazurra A., Inkpen A., Musacchio A., Ramaswamy K. 2014. Governments as owners: State-owned multinational companies. *Journal of International Business Studies* **45** (8): 919–942.

Dolgopyatova T., Iwasaki I., Yakovlev A.A. (Eds) 2009. *Organization and Development of Russian Business: A Firm-level Analysis*. Palgrave Macmillan, Basingstoke.

Dolgopyatova T., Libman A., Yakovlev A.A. 2018. Unintended benefits of empowering boards in conglomerates: A case study of AFK Sistema. *Journal of East European*

Management Studies **23** (2): 177–202.
Dyck A., Volchkova N., Zingales L. 2008. The corporate governance role of the media: Evidence from Russia. *Journal of Finance* **63** (3): 1093–1135.
Enache L., Hussainey K. 2020. The substitutive relation between voluntary disclosure and corporate governance in their effects on firm performance. *Review of Quantitative Finance and Accounting* **54** (2): 413–445.
Eng L.L., Mak Y.T. 2003. Corporate governance and voluntary disclosure. *Journal of Accounting and Public Policy* **22** (4): 325–345.
Enikolopov R., Petrova M., Stepanov S. 2014. Firm value in crisis: Effects of firm-level transparency and country-level institutions. *Journal of Banking & Finance* **46**: 72–84.
Fama E.F., Jensen M.C. 1983. Separation of ownership and control. *Journal of Law & Economics* **26** (2): 301–325.
FCSM. 2002. *Code of Corporate Conduct*. Federal Commission on the Securities Market. Moscow. (In Russian)
Forker J.J. 1992. Corporate governance and disclosure quality. *Accounting and Business Research* **22** (86): 111–124.
Fox M.B. 2014. Ongoing issues in Russian corporate governance. *Colum. J. Transnat'l* **52**: 435–569.
Gad J. 2020. Voluntary disclosures on control system over financial reporting and corporate governance mechanisms: Evidence from Poland. *Journal of East European Management Studies* **25** (4): 698–729.
Gao L., Kling G. 2012. The impact of corporate governance and external audit on compliance to mandatory disclosure requirements in China. *Journal of International Accounting, Auditing & Taxation* **21** (1): 17–31.
Garanina T., Aray Y. 2021. Enhancing CSR disclosure through foreign ownership, foreign board members, and cross-listing: Does it work in Russian context? *Emerging Markets Review* **46**: 100754.
Garanina T., Muravyev A. 2021. The gender composition of corporate boards and firm performance: Evidence from Russia. *Emerging Markets Review* **48**: 100772.
Garcia-Meca E., Sanchez-Ballesta J.P. 2010. The association of board independence and ownership concentration with voluntary disclosure: A meta-analysis. *European Accounting Review* **19** (3): 603–627.
Gillette A.B., Noe T.H., Rebello M.J. 2009. Board structures around the world: An experimental investigation. *Review of Finance* **12** (1): 93–140.
Gisbert A., Navallas B. 2013. The association between voluntary disclosure and corporate governance in the presence of severe agency conflicts. *Advances in Accounting* **29** (2): 286–298.
Glaum M., Schmidt P., Street D.L., Vogel S. 2013. Compliance with IFRS 3-and IAS 36-required disclosures across 17 European countries: Company-and country-level determinants. *Accounting and Business Research* **43** (3): 163–204.
Grosman A. 2022. Mitigating financing constraints on investment: Ownership and transparency in Russia. *Journal of East European Management Studies* **27** (3): 434–461.
Grosman A., Aguilera R.V., Wright M. 2019. Lost in translation? Corporate governance, independent boards and blockholder appropriation. *Journal of World Business* **54** (4): 258–272.
Gul F.A., Srinidhi B., Ng A.C. 2011. Does board gender diversity improve the informativeness of stock prices? *Journal of Accounting and Economics* **51** (3): 314–338.
Hare P., Muravyev A. 2003. Privatization in Russia. In: D.Parker D.Saal (Eds). 2003. *International Handbook on Privatization*. Edward Elgar Publishing; 347–374.
Hassan O.A., Romilly P., Giorgioni G., Power D. 2009. The value relevance of disclosure: Evidence from the emerging capital market of Egypt. *International Journal of Accounting* **44** (1): 79–102.
Hodgdon C., Hughes S.B. 2016. The effect of corporate governance, auditor choice and global activities on EU company disclosures of estimates and judgments. *Journal of International Accounting, Auditing and Taxation* **26**: 28–46.

Hope O.K. 2013. Large shareholders and accounting research. *China Journal of Accounting Research* **6** (1): 3–20.

Hope O.K., Kang T., Kim J.W. 2013. Voluntary disclosure practices by foreign firms cross-listed in the United States. *Journal of Contemporary Accounting & Economics* **9** (1): 50–66.

Hsu H.H., Wu C.Y.H. 2014. Board composition, grey directors and corporate failure in the UK. *The British Accounting Review* **46** (3): 215–227.

Hu Y.Y., Zhu Y., Tucker J., Hu Y. 2018. Ownership influence and CSR disclosure in China. *Accounting Research Journal* **31** (1): 8–21.

Iwasaki I. 2008. The determinants of board composition in a transforming economy: Evidence from Russia. *Journal of Corporate Finance* **14** (5): 532–549.

Iwasaki I. 2013. Firm-level determinants of board system choice: Evidence from Russia. *Comparative Economic Studies* **55** (4): 636–671.

Iwasaki I., Mizobata S., Muravyev A. 2018. Ownership dynamics and firm performance in an emerging economy: A meta-analysis of the Russian literature. *Post-Communist Economies* **30** (3): 290–333.

Jiang F., Cai W., Wang X., Zhu B. 2018. Multiple large shareholders and corporate investment: Evidence from China. *Journal of Corporate Finance* **50**: 66–83.

Kaiser B. 2014. *RHAUSMAN: Stata Module to Perform Robust Hausman Specification Test*. Statistical Software Components S457909, Boston College Department of Economics.

Khan T.M., Nosheen S., ul Haq N. 2020. Corporate governance mechanism and comparative analysis of one-tier and two-tier board structures: Evidence from ASEAN countries. *International Journal of Disclosure and Governance* **17** (2): 61–72.

Khemakhem H., Arroyo P., Montecinos J. 2022. Gender diversity on board committees and ESG disclosure: Evidence from Canada. *Journal of Management and Governance* **27** (3): 1–26.

Kobbi-Fakhfakh S., Shabou R.M., Pigé B. 2020. Intensive board monitoring, investor protection and segment disclosure quality: Evidence from EU. *Accounting in Europe* **17** (1): 52–77.

Lakhal F. 2005. Voluntary earnings disclosures and corporate governance: Evidence from France. *Review of Accounting and Finance* **4** (3): 64–85.

Lambert R., Leuz C., Verrecchia R.E. 2007. Accounting information, disclosure, and the cost of capital. *Journal of Accounting Research* **45** (2): 385–420.

Lan Y., Wang L., Zhang X. 2013. Determinants and features of voluntary disclosure in the Chinese stock market. *China Journal of Accounting Research* **6** (4): 265–285.

Lara J.M.G., Osma B.G., Mora A., Scapin M. 2017. The monitoring role of female directors over accounting quality. *Journal of Corporate Finance* **45**: 651–668.

Lepore L., Pisano S., Di Vaio A., Alvino F. 2018. The myth of the 'good governance code': An analysis of the relationship between ownership structure and the comply-or-explain disclosure. *Corporate Governance* **18** (5): 809–838.

Li T., Zaiats N. 2017. Information environment and earnings management of dual class firms around the world. *Journal of Banking & Finance* **74**: 1–23.

Liang J.W., Lin M.F., Chin C.L. 2012. Does foreign institutional ownership motivate firms in an emerging market to increase voluntary disclosure? Evidence from Taiwan. *Review of Quantitative Finance and Accounting* **39** (1): 55–76.

Lim S., Matolcsy Z., Chow D. 2007. The association between board composition and different types of voluntary disclosure. *European Accounting Review* **16** (3): 555–583.

Liu S. 2015. Corporate governance and forward-looking disclosure: Evidence from China. *Journal of International Accounting, Auditing and Taxation* **25**: 16–30.

Liu Y., Valenti A., Chen Y.J. 2016. Corporate governance and information transparency in Taiwan's public firms: The moderating effect of family ownership. *Journal of Management & Organization* **22** (5): 662–679.

Maury B., Pajuste A. 2005. Multiple large shareholders and firm value. *Journal of Banking & Finance* **29** (7): 1813–1834.

Michelon G., Bozzolan S., Beretta S. 2015. Board monitoring and internal control system disclosure in different regulatory environments. *Journal of Applied Accounting Research* **16** (1): 138–164.

Mnif Y., Borgi H. 2020. The association between corporate governance mechanisms and compliance with IFRS mandatory disclosure requirements: Evidence from 12 African countries. *Corporate Governance* **20** (7): 1371–1392.

Muravyev A. 2017. Boards of directors in Russian publicly traded companies in 1998–2014: Structure, dynamics and performance effects. *Economic Systems* **41** (1): 5–25.

Muravyev A., Berezinets I., Ilina Y. 2014. The structure of corporate boards and private benefits of control: Evidence from the Russian stock exchange. *International Review of Financial Analysis* **34**: 247–261.

National council on corporate governance. 2011. *National report on corporate governance*, Issue IV. Moscow. (In Russian)

Nikitina N.A. 2014. New requirements for information disclosure by issuers on the securities market. *Economic and Legal Issues* **1**: 36–41. (In Russian)

OECD. 2002. *The White Paper on Corporate Governance in Russia*. OECD: Paris.

O'Sullivan M., Percy M., Stewart J. 2008. Australian evidence on corporate governance attributes and their association with forward-looking information in the annual report. *Journal of Management & Governance* **12**: 5–35.

Pagano M., Röell A. 1998. The choice of stock ownership structure: Agency costs, monitoring, and the decision to go public. *Quarterly Journal of Economics* **113** (1): 187–225.

Patel S.A., Balic A., Bwakira L. 2002. Measuring transparency and disclosure at firm-level in emerging markets. *Emerging Markets Review* **3** (4): 325–337.

Patel S.A., Dallas G.S. 2002. Transparency and disclosure: Overview of methodology and study results — United States. *SSRN*. http://dx.doi.org/10.2139/ssrn.422800

Pellegrini C.B., Sironi E. 2017. Does a one-tier board affect firms' performances? Evidences from Italian unlisted enterprises. *Small Business Economics* **48** (1): 213–224.

Pham H.T.S., Tran H.T. 2019. Board and corporate social responsibility disclosure of multinational corporations. *Multinational Business Review* **27** (1): 77–98.

Qu W., Leung P., Cooper B. 2013. A study of voluntary disclosure of listed Chinese firms — A stakeholder perspective. *Managerial Auditing Journal* **28** (3): 261–294.

Saha R., Kabra K.C. 2020. Corporate governance and voluntary disclosure: A synthesis of empirical studies. *Business Perspectives and Research* **8** (2): 117–138.

Saha R., Kabra K.C. 2022. Corporate governance and voluntary disclosure: Evidence from India. *Journal of Financial Reporting and Accounting* **20** (1): 127–160.

Samaha K., Khlif H., Hussainey K. 2015. The impact of board and audit committee characteristics on voluntary disclosure: A meta-analysis. *Journal of International Accounting, Auditing and Taxation* 24: 13–28.

Shleifer A. 1998. State versus private ownership. *Journal of Economic Perspectives* **12** (4): 133–150.

Solomon D., Palas R., Baranes A. 2020. The quality of information provided by dual-class firms. *American Business Law Journal* **57** (3): 443–486.

Standard & Poor's. 2006. *Transparency and Disclosure by Russian Companies 2006: Modest Progress Amid the IPO Deal*. Standard & Poor's Governance Services.

Van der Schee P.A. 2011. *Regulation of issuers and investor protection in the US and EU*. Doctoral Thesis, Tilburg University.

Vavulin D.A. 2012. *Information Disclosure by Joint-stock Companies*. Justicinform Publ: Moscow. (In Russian)

Vickers J., Yarrow G. 1991. Economic perspectives on privatization. *Journal of Economic Perspectives* **5** (2): 111–132.

Vural D. 2018. Disclosure practices by family firms: Evidence from Swedish publicly listed firms. *Accounting in Europe* **15** (3): 347–373.

Yermack D. 1996. Higher market valuation of companies with a small board of directors. *Journal of Financial Economics* **40** (2): 185–211.

Zaini S.M., Samkin G., Sharma U., Davey H. 2018. Voluntary disclosure in emerging countries: A literature review. *Journal of Accounting in Emerging Economies* **8** (1): 29–65.

Zamil I.A., Ramakrishnan S., Jamal N.M., Hatif M.A., Khatib S.F. 2023. Drivers of corporate voluntary disclosure: A systematic review. *Journal of Financial Reporting and Accounting* **21** (2): 232–267.

Initial Submission: December 5, 2023
Final Version Accepted: March 14, 2024

Раскрытие информации и корпоративное управление: результаты анализа данных по российским компаниям

И.В.Березинец

Национальный исследовательский университет «Высшая школа экономики», Россия

А.А.Муравьев

Национальный исследовательский университет «Высшая школа экономики» в Санкт-Петербурге, Россия; Институт экономики и труда, Германия

Цель исследования: проанализировать ряд потенциальных детерминантов корпоративного раскрытия информации, остающихся недостаточно изученными или спорными в литературе по эккаунтингу и корпоративному управлению, а именно: наличие в компании двухуровневых советов директоров, присутствие в совете «серых» директоров (не являющихся ни исполнительными, ни строго независимыми), прямое или косвенное участие государства в капитале компании, а также размер пакета акций второго крупнейшего акционера. **Методология исследования**: использованы уникальные подробные данные о прозрачности и раскрытии информации российскими компаниями, собранные агентством S&P в 2002–2010 гг. и предоставленные авторам на условиях конфиденциальности. Исследование опирается на стандартные методы регрессионного анализа панельных данных. **Результаты исследования**: обнаружены убедительные свидетельства взаимодополняемости корпоративного управления и раскрытия информации. В частности, значительно больше информации предоставляют компании с двухуровневым советом директоров и компании, в советах которых высока доля действительно независимых директоров (по сравнению с «серыми» директорами, роль которых менее четко выражена). Раскрытие информации улучшается по мере увеличения размера пакета акций второго крупнейшего акционера. Также установлена обратная связь между непосредственным участием государства в капитале компаний и раскрытием ими информации. Напротив, в случае косвенного участия государства в капитале компаний такого эффекта не наблюдается. **Оригинальность и значимость результатов**: в статье применены детальные данные по переходной экономике, характеризуемой в целом невысоким уровнем корпоративного управления и низкими стандартами обязательного раскрытия информации, что способствует установлению связей, которые трудно обнаружить в лучших институциональных условиях. Статья также является одним из первых исследований, в которых изучается практика раскрытия информации публичными компаниями в России. Полученные результаты подчеркивают риски снижения требований к обязатель-

ному раскрытию информации, которое российское правительство допустило в последние годы в ответ на западные санкции, на фоне заметного исхода квалифицированных независимых/иностранных директоров из советов директоров компаний. Учитывая взаимодополняемость раскрытия информации и корпоративного управления, эти процессы могут привести к ухудшению корпоративного управления и экономической результативности российских компаний.

Ключевые слова: раскрытие информации, совет директоров, структура собственности, корпоративное управление, Россия.

For citation: Berezinets I. V., Muravyev A. A. 2024. Disclosure and corporate governance: Evidence from Russian companies. *Russian Management Journal* **22** (2): 193–222. https://doi.org/10.21638/spbu18.2024.203

Для цитирования: Berezinets I. V., Muravyev A. A. 2024. Disclosure and corporate governance: Evidence from Russian companies. *Российский журнал менеджмента* **22** (2): 193–222. https://doi.org/10.21638/spbu18.2024.203

Статья поступила в редакцию 5 декабря 2023 г.
Принята к публикации 14 марта 2024 г.