
Corporate Disclosure and Investors' Mindset

Suresh Kumar Sahoo,

Sr. Faculty in Finance, Depart. of MBA, Raajdhani Engineering College, Bhubaneswar

Prof. Jagannath Panda,

Retd. Professor of Commerce, Berhampur University, Berhampur, Odisha

Abstract

Disclosure as a healthy practice of each and every corporate sector is meticulously designed as a means of disclosing facts and information of financial & non-financial sectors. However, there are prescribed legal guidelines of each corporate sector to disclose their data. In this paper the researcher has focused only on the corporate disclosure practices within the companies' Annual and Financial Reports that facilitate the investors to reach on a consensus to invest in different organizations. The research methodology of the paper mainly based on Principal Component Analysis and Factor Analysis. After thorough study we reached the identified constructs have positively impact on investors' mindset.

Keywords: Corporate House, Social Accountability, HRM, Corporate Governance, Environmental Issues, Disclosures Practices.

1. Introduction

Corporate reporting is now nearly a decade old concept followed in several organizations. The so called corporate reporting covers the organizational status and performance on different aspects, preparation and provision, for the use of different stakeholders. This information is often provided in the Annual and Financial Reports, which include the economic, environmental and social issues. In this paper the researcher has focused only on the corporate disclosure practices within the companies' Annual and Financial Reports that facilitate the investors to reach on a consensus to invest in different organizations (FEE, 2000).

Conventional financial reporting has been practiced by many organizations since long (Corporate Governance Guideline 2012 of India), but selective user groups have disclosed the same as per the Securities and Exchange Board of India guidelines since its inception *i.e.*, 1992. The primary users of financial and non-financial disclosures are shareholders, prospective investors and financial institutions. Several factors like environmental, corporate governance, human resource management, and financial-disclosure are of greater importance and have influence over financial and non-financial assessments of an organization. For example, environmental disclosures in the annual report are a primary concern for the company to satisfy the shareholders and stakeholders relating to environmental safety and social viability requirements. Moreover, it is important for organizations to disclose environmental and social practices.

2. Corporate Disclosure in India : a paradigm shift

Corporate Disclosure Practices as per Companies Act. 2013 are little bit more investors friendly as compared to old Companies Act. 1956. As per new regulation the central government has directed all the corporate houses to introduce women director in the board of the companies. Fixation of accountability on audit committee has been introduced recently which were previously absent.

3. Literature review

In this paper the researcher has thoroughly reviewed the work of different authors within and outside India. The researcher has also referred some peer reviewed journals and articles related to Corporate Governance, IFRS, financial reporting, voluntary and mandatory disclosure, environmental disclosure, corporate social responsibility and other disclosure.

During the 1990s, a number of 'high-profile' corporate scandals in the USA (Lehman Brothers, AIG Insurance, Xerox, Arthur Anderson, Enron, WorldCom, Tyco, *etc.*) and also elsewhere in the world, triggered an in-depth reflection on the regulatory role of the government in protecting the interests of shareholders. To redress the problem of corporate 'misconduct,' ensuring 'sound' corporate governance is believed to be essential to maintain investors' confidence and good performance. In view of the growing number of scandals and the subsequent wide-spread public and media interest in corporate governance, a plethora of governance 'norms'

and 'standards' have sprouted all around the globe (Patelli and Prencipe, 2007; Azlan et al., 2010). The Sarbanes-Oxley legislation in the USA, the Cadbury Committee recommendations for the European Union (EU) corporations, and the OECD principles of corporate governance, are perhaps the 'best known' among these. The Cadbury Committee (1992) advocated, first of all, disclosure as "a mechanism for accountability, emphasizing the need to raise reporting standards in order to ward off the threat of regulation."

Rouse, R. W. (2013), highlighted a broad analysis of the impact of globalization on regulation in relation to accounting standards. The author has highlighted the need to "accommodate different but equally legitimate financial reporting standards".

Bhasin, M.L. (2011) conducted an exploratory 'case-study' of the Reliance Industries Limited, and developed his model as a "working method". In order to ascertain how far this corporation was in compliance of corporate governance standards, a "point-value-system" was applied. Based on the disclosures made by the corporation in its Annual Report for the year 2006-07, and an in-depth evaluation of the results reveals that "RIL had shown very good performance, with an overall score of 85 points. Moreover, RIL group is in the forefront of implementation of "best corporate governance practices in India," but some scope still exists for its improvement." The aforesaid review of studies reveals that there is an urgent need to study the voluntary corporate governance disclosure (VCGD) practices followed by the corporations in India. Voluminous research work has been carried out to study the "mandatory" aspect of corporate governance. The study of VCGD practices has remained as an untouched phenomenon, yet corporate governance is in the process of evolution, and over a period of time, the scope of mandatory corporate governance is expected to be extended further. Therefore, the study of VCGD practices assumes significance at this evolving stage of corporate governance in India. The paper attempts to study "the VCGD practices followed by the corporations over and above the mandatory requirements." Besides, this study has been planned with the following two 'specific' objectives in mind: (a) to examine the voluntary corporate governance disclosure practices of 'selected' companies, and (b) to measure the 'extent of variation' in the disclosure pattern of corporate governance practices of the corporations under study.

Islam, M.S. (2010) in his study examined the corporate governance practices in the listed financial public limited 10 companies in 'Bangladesh' by considering 30 disclosure items. A corporate governance Disclosure Index (CGDI) has been computed and a number of hypotheses have been tested. Multiple regression result shows that "CGDI is significantly influenced by log of net asset value, EPS, and the size of the board. Age and stock allotment are not found to have any significant impact on corporate governance disclosure."

Baek, Johnson, and Kim (2009) pointed out that "all the relevant information should be made available to the users in a cost-effective and timely way." Whatever disclosures

are made and whatever channels are used, however, a clear distinction should be made between 'audited' and 'non-audited' financial information, and matters of validation of other non-financial information should be provided. Company management, across the globe, thus recognizes that there are economic benefits to be gained from a well-managed disclosure policy.

In a study conducted by Hossain and Hammami (2009), the researchers empirically examined the determinants of voluntary disclosure in the AR of 25 listed firms of Doha Securities Market in 'Qatar.' A disclosure checklist consisting of 44 voluntary items of information was developed and statistical analysis was performed using multiple regression analysis. Their findings indicate that "age, size, complexity, and assets-in-place are significant and the variable profitability is insignificant in explaining the level of voluntary disclosure."

Dragmori (2009) pointed out that "New regulations, new requirements and ever-increasing demands for transparency determine companies to follow the recent trends in corporate reporting (or disclosure) in order to comply with 'best practice' regulations in way of narrative reporting, balance in the structure of reports, inclusion of management report, reporting Corporate Governance and social responsibility, balancing financial and non-financial information, comparability over time, etc."

Chahine and Filatotchev, (2008) suggested that the quality of financial and non-financial disclosures depends significantly on the 'robustness' of the reporting standards, on the basis of which the financial/nonfinancial information is prepared and reported. Further, disclosure indicates the quality of the firm's product and business model, its growth strategy and market positioning, as well as the risks it is facing.

Moreover, Murthy (2008) examined the corporate social disclosure practices of the top-10 software firms in India. The 2003-2004 annual reports were analyzed using content analysis to examine the reported attributes relating to human resource, community development activities, product and services activities and environmental activities. "The nature of global competition in the software sector seems to have shaped the CSD practices in product and service contribution category."

Tamoi *et. al.*, (2007) tried to find out the level and trend of disclosure pattern of industrial companies in Malaysia and its relationship with companies' characteristics with the help of content analysis over a period 1998 to 2003. For the study, samples were selected using simple random sampling technique. They observed that there is positive relationship between CSR and companies' turnover, no apparent relationship is noticed with companies' capital, relationship between CSR and companies' profitability is positive but weak and more disclosure by local companies as compared to their foreign counterparts. They show that CSR level of industrial companies in Malaysia is increasing both in terms of amount of the disclosure and the number of participating companies.

Subramanian, S. (2006) in his study identified the differences in disclosure pattern of financial information and governance attributes. The sample for the study was 90 companies from BSE 100 index and NSE 50. The data relating to disclosure score had been collected from the annual reports for financial year 2003-04. "Transparency and Disclosure Survey Questionnaire" developed by Standard & Poor's was used for collection of data. The findings revealed that "there were no differences in disclosure pattern of public/private sector companies, as far as financial transparency and information disclosure were concerned." Unfortunately, the problem for private companies, which form a vast majority of Indian corporate entities, remains largely unaddressed. It should be noted here that even the most prudent norms can be hoodwinked in a system plagued with widespread corruption. Nevertheless with industry organizations and chambers of commerce themselves pushing for an improved Corporate Governance system, the future of Corporate Governance in India promises to be distinctly better than the past.

Kakani *et. al.*, (2001) pointed out that newer and smaller firms, as a result, take to the market in spite of disadvantages like their lack of capital, brand name and reputation with older firms. However, it is not possible to reach a conclusion that long-established banks can disclose more information or be more compliant than newly-established banks.

According to Healy and Palepu (2001), "disclosure comprises all forms of voluntary corporate communications like management forecasts, analysts' presentations, the annual general meetings, press releases, information placed on corporate websites and other corporate reports, such as, stand-alone environmental or social reports." Further, Healey and Palepu, (2001) confirmed in their study a higher levels of disclosure could be mandated, but the benefits of regulating disclosure are still not clear. Since managerial discretion is involved in the content and timing of voluntary disclosure, the market must rely on other monitoring mechanisms to elicit disclosure from management above the minimum requirements. As suggested in prior research, the board is an effective internal governance mechanism in monitoring management in the interests of shareholders. The board's monitoring role encompasses financial reporting, and a more effective board should result in higher levels of disclosure by management.

William (1999) analyzed 28 corporate annual reports, found that culture and the political and civil systems were determinants of the quantity of disclosure. The extent of literature on corporate governance focuses on the determinants of social responsibility disclosure and the effect of corporate governance on social responsibility disclosures. Similar type of studies was conducted by Roberts (1991) in Western Europe; Chrisman and Sharma (2007) in India.

Deegan and Gordon (1996) examined the environmental disclosure practices of Australian companies. They used content analysis as an approach to study annual reports of the sample Australian companies, taking individual recorded words as the basic unit of recording. The authors observed low voluntary environmental disclosure in Australia on average only 186 words for the sample of companies. Most of the disclosures were positive disclosures rather than negative disclosures. Authors also concluded that there was an increase in voluntary environmental disclosures during this period due to increases in environmental group membership.

Jensen and Meckling, (1976); Berle and Means, (1932) concluded that 'the premise of agency theory is that boards are needed to monitor and control the actions of directors due to their opportunistic behaviour'. Mangel and Singh (1993) believe that outside directors have more opportunity for control and face a more complex web of incentives, stemming directly from their responsibilities as directors and augmented by their equity position. Others who also see the role of non-executive directors as monitors/controllers of management's performance and actions, include Fama and Jensen (1983), Brickley and James (1987), Weisbach (1988), and Pearce and Zahra (1992).

4. Objectives

To identify the factors (related to corporate disclosure) significantly attract investors for investment.

5. Research Methodology

5.1 Research Design:

Research design express both the structure of the research problem-the frame work, organization or configuration of the relationships among variables of a study and the plan of investigation used to obtain empirical evidence on those relationships. The structure of the present study for data collection includes only primary sources which are summarized as follows:

**Table No.1.
Structure of Data Collection**

Source	Nature of Data	Respondents	Sample	Tools for Data Collection
Broking houses, Financial Institutions	Primary	Investors in capital market	128	Structured questionnaires

Source: Authors work

5.2 Data Collection

Primary sources are original sources from which the researcher directly collected the data that have not been previously collected. Otherwise this is called as first hand information (Krishnaswamy and Ranganatham). This paper mainly focuses on analysis of data related to investors' attractiveness due to disclosure. To study the perception of investors' towards corporate disclosure practices, an attempt has been made through distributing well defined questionnaire to various sections of investors. Based on the objective to know about different factors influencing investors' attractiveness towards disclosure practices, some well accepted statistical tool has been applied on the numerical values gathered from the opinions complied against each component of the questionnaire.

5.3 Sampling and Data Collection Procedure

Sampling is the process which reduces time and cost, saves labour and provide better than complete coverage. For the same we made a sample design which in turn describes the details of sample size and sample unit. For this survey the respondents were Bank managers (scale III and above), branch head of broking houses and financial institutions, manager in public and private limited company, Chartered and Cost accountants, Academicians in the field of Finance and Accounts and Software Engineers. From each branch at least one respondent was chosen for the study. The researcher has circulated 200 questionnaires. Out of 200 questionnaires, 157 filled-up questionnaires were collected amounting to approximately 79% of the total questionnaire. After due scrutiny 157 filled-up questionnaires, 29 questionnaires were found incomplete either in respect of demographic character of respondents or in respect of any specific question. The final sample size was taken of 128.

5.4 Hypothesis :

The constructs like; financial disclosure, Corporate Governance, Risk management, environmental, operational and HRM disclosure has a strong bearing on investors' perception (investors' mindset) towards

disclosure practices. More specifically the statement can be stated as the alternate hypothesis as given below.

H₁: The identified constructs positively affects investor's attractiveness.

6. Analysis and Interpretation:

Selection of Factors

In this section the researcher has made an attempt to identify the variable which has a greater influence on investors' perception towards the company. The study was carried out on fifty variables and the importance of the variable is determined on the basis of their mean score. In this section the researcher has opted for clubbing some interrelated variable using factor analysis so that each of the variables (factors) may be studied precisely.

Principal Component Analysis

Factor analysis falls into a class of statistical techniques usually intended to use for data condensation and summarization. In other words, factor analysis identifies smaller number of underlying factors from larger number of observed variables and maintains observed variables core to the extent possible. The present study aims to explore the fundamental factors for '*Corporate Disclosure and Investors' Mindset*'.

The appropriateness of factor analysis was assessed by checking the significance of Bartlett test of Sphere city and by examining sampling adequacy through Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) at an overall and individual item level. The KMO value of the data at an overall level of 0.777 is considered excellent (Hair, *et al*, 2006), while at an individual variable level also, the KMO MSA for each variable ranges from 0.677 to 0.834 which is also above the threshold level of 0.50 (Hair, *et. al*. 2006) for the present analysis KMO was 0.858 indicating that all the variables can be considered for factor analysis. The results of the Bartlett test of Sphere city (chi-square 3562.203 with df 1225, $p < 0.001$) suggested that the correlation matrix of 50 variables was not an identity matrix, i.e. some of the items were inter-correlated.

Table No.2
Result of Principal Component Analysis:

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.858
Bartlett's Test of Sphericity Approx. Chi-Square	3562.203
Df	1225
Sig.	.000

Extraction Method: Principal Component Analysis						
Communalities			Initial Eigen Values			
Variables	Initial	Extraction	Variables	Eigen Value	% of Variance	Cumulative %
V01	1.000	.767	1	6.702	13.404	13.404
V02	1.000	.703	2	6.121	12.242	25.646
V03	1.000	.533	3	4.407	8.814	34.46
V04	1.000	.704	4	4.08	8.16	42.62
V05	1.000	.717	5	3.186	6.372	48.992
V06	1.000	.647	6	3.013	6.026	55.018
V07	1.000	.672	7	2.302	4.604	59.622
V08	1.000	.576	8	1.207	2.414	62.036
V09	1.000	.668	9	1.102	2.204	64.24
V10	1.000	.620	10	1.019	2.038	66.278
V11	1.000	.609	11	1.012	2.024	68.302
V12	1.000	.761	12	1.009	2.018	70.32
V13	1.000	.700	13	1.003	2.006	72.326
V14	1.000	.715	14	0.757	1.514	73.84
V15	1.000	.724	15	0.723	1.446	75.286
V16	1.000	.716	16	0.689	1.378	76.664
V17	1.000	.716	17	0.68	1.36	78.024
V18	1.000	.776	18	0.641	1.282	79.306
V19	1.000	.587	19	0.635	1.27	80.576
V20	1.000	.719	20	0.621	1.242	81.818
V21	1.000	.686	21	0.593	1.186	83.004
V22	1.000	.658	22	0.58	1.16	84.164
V23	1.000	.659	23	0.572	1.144	85.308
V24	1.000	.729	24	0.541	1.082	86.39
V25	1.000	.624	25	0.513	1.026	87.416
V26	1.000	.764	26	0.499	0.998	88.414
V27	1.000	.691	27	0.453	0.906	89.32
V28	1.000	.682	28	0.435	0.87	90.19
V29	1.000	.539	29	0.426	0.852	91.042
V30	1.000	.748	30	0.389	0.778	91.82
V31	1.000	.766	31	0.381	0.762	91.849
V32	1.000	.581	32	0.378	0.755	92.604
V33	1.000	.597	33	0.34	0.681	93.285
V34	1.000	.711	34	0.328	0.656	93.941
V35	1.000	.688	35	0.307	0.615	94.556
V36	1.000	.676	36	0.3	0.599	95.155
V37	1.000	.634	37	0.282	0.563	95.718
V38	1.000	.606	38	0.252	0.505	96.223
V39	1.000	.704	39	0.238	0.477	96.699
V40	1.000	.676	40	0.226	0.452	97.151
V41	1.000	.680	41	0.203	0.406	97.557
V42	1.000	.664	42	0.19	0.38	97.937
V43	1.000	.719	43	0.185	0.37	98.307
V44	1.000	.730	44	0.17	0.339	98.646
V45	1.000	.795	45	0.161	0.321	98.967
V46	1.000	.763	46	0.132	0.264	99.231
V47	1.000	.704	47	0.116	0.231	99.463
V48	1.000	.682	48	0.106	0.213	99.676
V49	1.000	.725	49	0.089	0.179	99.854
V50	1.000	.691	50	0.073	0.146	100

Extraction Sums of Squared Loadings				Rotation Sums of Squared Loadings		
Factors	Eigen Value	% of Variance	Cumulative	Eigen Value	% of Variance	Cumulative %
1	6.702	13.404	13.404	5.089	10.178	10.178
2	6.121	12.242	25.646	4.791	9.582	19.76
3	4.407	8.814	34.46	4.417	8.834	28.594
4	4.08	8.16	42.62	4.061	8.122	36.716
5	3.186	6.372	48.992	3.63	7.26	43.976
6	3.013	6.026	55.018	3.025	6.05	50.026
7	2.302	4.604	59.622	2.712	5.424	55.45
8	1.207	2.414	62.036	2.191	4.382	59.832
9	1.102	2.204	64.24	1.703	3.406	63.238
10	1.019	2.038	66.278	1.409	2.818	66.056
11	1.012	2.024	68.302	1.111	2.222	68.278
12	1.009	2.018	70.32	1.018	2.036	70.314
13	1.003	2.006	72.326	1.006	2.012	72.326

Component Matrix													
Variables	F 1	F 2	F 3	F 4	F 5	F 6	F 7	F 8	F 9	F 10	F 11	F 12	F 13
V01	.340	-.020	.269	.005	.026	-.126	.487	-.128	.037	-.410	.164	-.193	.272
V02	.481	.080	.061	-.061	.201	-.086	.351	.127	-.195	-.297	.110	.156	-.006
V03	.487	.027	.175	-.086	-.118	.513	.098	-.028	-.075	.175	-.050	-.164	-.199
V04	.416	-.566	.146	-.124	-.213	.139	-.106	-.070	.288	-.061	.213	.033	-.022
V05	.348	-.350	-.124	.030	-.098	-.004	.301	.075	.128	.368	-.039	.428	.122
V06	.422	.517	-.122	.082	-.040	.045	.165	.130	.078	-.004	.066	.094	-.363
V07	.494	.616	-.232	.046	-.011	.009	.107	.015	-.038	-.040	-.080	.046	-.113
V08	.434	-.219	.333	.018	.121	.560	-.080	-.096	-.201	.144	.106	-.037	-.138
V09	.459	-.143	.226	.360	.212	-.224	.598	.248	.034	-.218	.136	-.033	.024
V10	.480	-.247	.156	.073	-.101	-.056	.074	.178	.073	.196	-.164	.165	.209
V11	.385	.195	.324	-.227	.530	.125	.270	-.116	-.097	.123	-.174	.176	.063
V12	.472	.205	.114	.072	.242	-.131	.096	.492	.283	-.032	-.194	-.113	-.139
V13	.414	-.101	.120	-.384	.118	.448	-.111	.252	.084	.023	.239	.016	.038
V14	.510	.226	.017	-.385	.224	.251	.147	-.097	-.086	.247	-.051	-.207	.063
V15	.542	.014	-.367	-.178	.386	.068	.241	-.038	-.100	-.067	.008	-.053	-.004
V16	.440	.097	.048	.308	.091	.218	.042	.014	-.102	.201	-.213	.043	-.112
V17	.456	-.064	.515	.029	.046	.722	.058	-.038	.113	.318	.190	-.189	-.143
V18	.439	-.280	.074	.310	.247	-.051	.782	.120	-.299	.327	.146	-.115	.140
V19	.466	-.292	.511	-.177	.247	-.023	-.103	-.073	-.047	-.068	-.075	.197	.065
V20	.398	-.267	.736	-.278	.075	.056	-.396	.058	.071	-.225	-.143	.088	-.036
V21	.401	-.053	-.245	.131	.308	-.099	.649	.156	-.163	.001	.057	-.021	.129
V22	.648	.004	-.028	-.064	-.040	.388	-.002	-.034	.040	.035	.030	-.278	.049
V23	.320	-.005	-.006	.055	-.112	-.024	-.053	-.054	-.119	-.126	-.051	-.114	-.033
V24	.567	-.176	-.165	-.186	-.052	-.008	-.004	.049	.117	-.087	-.057	-.322	-.189
V25	.719	-.122	-.191	.067	.127	-.024	.195	.083	.178	.065	.053	.002	.243
V26	.507	-.167	.517	-.077	-.141	-.135	-.068	-.088	.147	.005	-.303	-.024	.215
V27	.773	-.072	-.449	-.175	-.016	-.282	-.055	-.089	-.134	.131	-.050	-.194	.242
V28	.433	-.176	.004	.145	.556	-.209	-.009	-.015	-.248	-.250	-.182	.168	-.081
V29	.342	-.201	-.287	-.054	.103	-.019	.083	.038	.194	-.044	.051	.129	-.098
V30	.421	.778	-.115	.153	-.430	.168	-.028	.039	.179	-.062	.244	-.027	-.015
V31	.464	.655	-.089	.252	-.286	.066	.000	.007	-.216	.028	.377	-.103	-.061
V32	.480	.601	-.130	.118	-.177	-.015	.062	-.163	.009	-.028	-.105	-.105	.051
V33	.420	.061	.170	-.220	-.073	-.087	-.059	.147	.097	-.042	.032	-.040	.218
V34	.396	.058	.069	-.136	.671	.027	-.066	-.208	-.357	-.172	-.143	.066	-.156
V35	.351	.563	-.178	-.204	-.084	.082	.007	-.309	.151	-.040	.240	.159	-.014
V36	.350	.088	.137	.044	.602	.179	-.034	.193	-.015	-.092	-.198	-.122	-.084
V37	.301	-.168	.632	.040	.052	.336	-.372	-.092	.122	.075	-.242	.050	.072
V38	.295	-.067	.504	.120	.040	-.063	-.165	-.256	-.177	.000	-.017	.084	.107
V39	.394	.421	.126	.751	-.188	.059	-.163	.103	.050	-.084	.062	.084	.242
V40	.309	.622	-.092	.745	-.083	.306	-.066	-.084	.066	.034	.045	-.009	.212
V41	.302	.293	.022	.624	-.180	.157	.016	.223	-.193	.061	.078	.053	.024
V42	.406	.461	-.171	.557	-.188	-.313	-.123	.052	-.136	.025	.211	.110	-.040
V43	.553	.275	-.276	-.182	.045	-.106	-.322	.109	-.009	-.025	.026	-.053	.136
V44	.385	.375	.005	.554	-.200	-.154	.162	.357	-.084	-.045	-.155	.122	-.069
V45	.560	.297	-.313	.129	.118	-.007	.030	-.124	-.066	.115	-.028	-.001	-.212
V46	.362	.427	-.102	.056	.032	-.013	-.057	.550	.288	.108	.137	.183	-.117
V47	.298	.368	.203	-.255	.105	.558	-.105	-.168	.176	.102	.053	-.017	-.156
V48	.471	.181	.005	.311	.395	-.018	-.082	.711	.161	-.128	.033	.216	-.145
V49	.378	.067	.033	.409	-.013	.236	.183	-.256	.288	-.060	-.267	-.256	.019
V50	.455	-.176	.272	-.070	.252	-.121	.139	-.168	-.030	-.061	.086	.121	.171

Rotated Component Matrix													
Variables	F 1	F 2	F 3	F 4	F 5	F 6	F 7	F 8	F 9	F 10	F 11	F 12	F 13
V01	.066	.148	.022	.022	.057	.134	.013	-.013	-.003	.040	-.009	.832	.154
V02	.144	.106	.043	.084	.384	.049	.154	.270	.192	.255	.120	.531	-.133
V03	.243	.217	.112	.054	.304	.513	.099	.033	-.006	.178	.076	.063	.061
V04	.039	.566	.386	.162	.038	.290	-.035	.085	.272	.000	.130	.131	.068
V05	.092	.219	.040	-.070	.049	.036	.082	.076	.069	.000	.796	-.013	-.010
V06	.118	.517	.047	-.067	.289	.124	.131	.280	.155	.294	.223	.005	.063
V07	.363	.416	.198	-.027	.340	.022	.185	.213	.140	.160	.249	.077	.135
V08	.052	.161	.285	-.091	.218	.460	.409	.126	.040	-.004	.046	.103	-.048
V09	-.060	.222	.361	.102	-.040	.028	.498	.173	-.079	.351	-.060	.247	-.008
V10	.112	.183	.347	.114	.129	.175	.227	-.084	.047	.184	.528	.103	.102
V11	-.020	-.033	.071	.249	.430	.392	-.199	-.100	.114	-.056	.311	.186	.073
V12	.105	.003	.141	.147	.012	.170	.081	.155	.111	.778	.068	.101	.126
V13	-.007	.205	.206	.090	.011	.162	.053	-.058	.742	.094	.053	.035	-.107
V14	.410	-.137	-.013	.133	.189	.416	-.002	.066	.516	.010	.047	.092	.140
V15	.542	.061	-.024	-.056	.216	-.024	.119	.360	.391	.124	.086	.229	.064
V16	.115	.099	.093	.266	.381	.205	.351	.241	.148	.185	.227	-.084	.362
V17	-.077	.193	.128	.027	-.024	.722	.269	.052	.094	.122	.087	.121	.108
V18	.206	.117	.112	.029	.045	.198	.782	.027	.108	.030	.195	.022	.049
V19	.106	.071	.511	-.105	.214	.123	.195	.191	.310	-.018	.198	.165	-.002
V20	.141	.189	.736	-.070	.170	.091	.036	.078	.190	.152	-.030	.024	-.105
V21	.249	.116	.115	.199	.130	-.184	.449	.167	.499	.066	.038	-.038	.146
V22	.448	.331	.226	.192	.142	.321	.155	.053	.174	.141	.018	.168	.176
V23	.320	.356	.293	.223	.381	.182	.197	.105	.075	.111	-.005	.157	.153
V24	.467	.458	.246	-.084	.186	.210	.010	.050	.209	.275	-.058	.059	.162
V25	.419	.245	.150	.112	-.070	.048	.197	.180	.112	.197	.368	.277	.105
V26	.507	.221	.517	.094	.130	.119	-.010	.017	-.120	.111	.290	.116	.163
V27	.773	.154	.154	.077	.073	.019	.122	-.001	.039	-.058	.115	.026	-.023
V28	.133	.296	.353	.069	.556	-.050	.237	.144	-.015	.094	.134	.156	.089
V29	.242	.385	.140	-.037	.095	-.065	.028	.302	.340	.134	.247	.030	.100
V30	.121	.778	.180	.165	.061	.052	.105	-.039	.039	.021	.187	.063	.090
V31	.194	.655	-.003	.174	.216	.146	.427	.011	-.011	-.060	.060	.100	-.041
V32	.380	.401	.243	.071	.232	.110	.138	.069	-.071	.004	.179	.141	.255
V33	.220	.194	.374	.312	.099	.260	.031	-.071	.286	.185	.125	.243	-.014
V34	.196	.203	.280	.162	.671	.189	.038	.096	.101	-.095	-.057	.085	.028
V35	.251	.463	.200	.122	.124	.141	-.109	.315	.330	-.238	.171	.119	.022
V36	.050	.268	.216	.304	.402	.151	.086	-.089	.293	.289	.011	.011	.305
V37	.201	.130	.632	.116	.092	.178	.189	.137	.036	.056	.140	-.110	.182
V38	.095	.135	.404	.214	.295	.235	.330	.177	.084	-.179	.085	.142	.144
V39	-.094	.135	.128	.751	.117	.006	.115	.027	.157	.070	.016	.076	.183
V40	.122	-.018	-.103	.745	.021	.027	.029	.198	.001	.004	-.043	.028	.227
V41	.302	.164	.087	.424	.295	.259	.157	.045	-.110	.287	.119	.139	-.257
V42	.306	.211	.003	.557	.252	.164	-.001	.210	.039	.088	-.028	-.010	-.267
V43	.553	.114	.317	.413	.071	.053	.054	.163	.155	.182	-.076	-.029	-.166
V44	.185	.102	.031	.454	.421	.139	-.097	.002	.128	.455	.179	.097	-.087
V45	.460	.192	-.027	.298	.321	.173	.151	.492	.086	.151	.053	-.068	.147
V46	.260	.163	.113	.420	-.033	.302	-.102	.550	-.137	.188	.112	.024	-.089
V47	.198	.037	.249	.287	.107	.558	-.131	.350	.176	.129	-.064	.065	-.015
V48	.000	.040	.210	.185	.064	.054	.182	.711	.023	.058	-.010	.111	.201
V49	.078	.183	.050	.181	.071	.097	.046	.169	-.025	.082	.044	.140	.759
V50	.155	-.048	.264	.237	.170	.345	.150	.327	.145	.029	.140	.468	-.001
Extraction Method: Principal Component Analysis. 13 components extracted							Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						

Source: Computed and compiled

Using principal component analysis (PCA) with an option of Varimax with Kaiser Normalization rotation method, factor analysis of the 50 variables was done and the values are cited above. The criteria adopted for deciding the number of factors was the common factors with an Eigen value greater than 1 should be reserved. However, the researcher has opted the item with higher cross loading (more than 0.20) and those with lower value of MSA (less

than 0.50) in their respective factor were to be trimmed one by one. By this method all 50 variables were eligible for further analysis. Finally based on the above criteria, a thirteen-factor solution emerged and the rotated factor matrix gave a near similar factor structure. These 13 factors accounted for 72.326% of the total explained variance.

It was observed from the above table No. 2 that under Extraction Sums of Squared Loadings, 13.404% of

variance explained by factor 1; 12.242% of variance explained by factor 2; 8.814% of variance explained by factor 3; 8.16% of variance explained by factor 4; 6.372% of variance explained by factor 5, 6.026 % of variance explained by factor 6; 4.604% of variance explained by factor 7; 2.414% of variance explained by factor 8; 2.204% of variance explained by factor 9; 2.038% of variance explained by factor 10; 2.024% of variance explained by factor 11; 2.018% of variance explained by factor 12; and 2.006% of variance explained by factor 13 and all together all the thirteen factors contributed to 72.326% of total variances.

Further, it was observed that in Rotated Matrix, 10.178% of variance explained by factor 1; 9.582% of variance explained by factor 2; 8.834% of variance explained by factor 3; 8.122% of variance explained by factor 4; 7.26%

of variance explained by factor 5, 6.05 % of variance explained by factor 6; 5.424% of variance explained by factor 7; 4.382% of variance explained by factor 8; 3.406% of variance explained by factor 9; 2.818% of variance explained by factor 10; 2.222% of variance explained by factor 11; 2.036% of variance explained by factor 12; and 2.012% of variance explained by factor 13 and together all the thirteen factors contributed 72.326% of total variances.

Again with a through review of the Table No.2, it was observed that factors beyond factor number 8 were considered somehow less important as the loading values were less than .5. Hence, the final extracted factors were rest at eight numbers. The details of factor load of each factor and their corresponding name was given in the following Table No. 3.

Table No. 3
Details of factor loading:

Factor No	Factor Name	Variable No	Variable Name	Variable Load	Eigen Value	% of variance
1	Investor's Attractiveness	14	Return on investment affect the investor's mindset	.510	6.702	13.404
		15	Earning per share important for the investor while making investment	.542		
		22	The dividend per share fulfill the financial requirements of an investor	.648		
		24	The return on capital employed provides valuable information to the investor	.567		
		25	Share prices plays a vital role at the time of investment	.719		
		27	Return on sales provide insight to the investor	.773		
		43	Revenue to total assets gives useful information to the investor	.553		
		45	Return on equity useful from investment point of view	.560		
2	Corporate Governance	4	Company have a manual on corporate governance approved by the Board applicable to directors and senior management of the company	.566	6.121	12.242
		6	Deviation from the prescribed Accounting Standards disclosed and explained in the financial statements as well as in the corporate governance report of the company	.517		
		7	Number of functional directors in the company (including CMD/MD) constitute 50% of the actual strength of the board in your intended company	.616		
		30	Chairman's speech at the latest AGM include a section in compliance with Corporate governance guidelines	.778		
		31	Company have a dedicated cell responsible for sharing information with the stakeholders through the use of proper communication	.655		
		32	Officers set the new goals of their organizations to be achieved in financial terms	.601		
		35	company included in its latest annual report a statement of its corporate objectives (Mission) which is being periodically updated	.563		

3	Disclosure made by Audit committee	19	Audit committee review the management's discussions, analyze the financial conditions and the results of operations	.511	4.407	8.814
		20	Company discloses segment-wise profit and loss statement as per Accounting Standard 17 issued by ICAI	.736		
		26	Internal audit department report, relating to the internal control weaknesses reviewed by the audit Committee	.517		
		37	Company's accounting procedures comply with the Accounting Standards adopted by ICAI	.632		
		38	Information regarding the appointment and/or removal of chief internal auditor placed before the audit committee	.504		
4	Human Resource Management	39	The employees are satisfied with the compensation policy of the organization	.751	4.08	8.16
		40	The employees are getting retirement benefit from the organization in proper time	.745		
		41	The incentive schemes are beneficial for the employees in the organization	.624		
		42	The company are disclosing the total number of employees in the annual report	.557		
		44	workers participation in management of the company as a whole is visualized	.554		
5	Disclosure of liquidity	11	current liabilities to shareholders equity affect the investor's mindset while investment	.530	3.186	6.372
		28	Current ratio provide valuable information to the investor	.556		
		34	Current liabilities given in the balance sheet give useful information to the investor	.671		
		36	Working capital reveal information to the investor while investment in a company	.602		
6	Risk Management	3	Risk management needs to include in the organization strategy or operational level	.513	3.013	6.026
		8	Generally board reviews and take remedial actions implement the risk management plan	.560		
		17	The company have risk management plan approved by the board of directors	.722		
		47	The shares held by the directors of the company affect the shares held by other share holders and stake holders of the company	.558		
7	Environmental	9	The companies are taking precautionary measures for waste management	.598	2.302	4.604
		18	Companies are adopting its own energy conservation policy	.782		
		21	The company is taking care of for forestation and vegetation	.649		
8	Operational Disclosure	46	liabilities to total assets given in the balance sheet helps the investor	.550	1.207	2.414
		48	Fixed assets play pivotal role for the investor	.711		

Source: Computed and complied

In the table (Table No.3) there were eight factors identified with the details given above. Further the factor/construct was tested for its internal consistency and reliability. The reliability of the factors/construct was assessed by the coefficient of alpha (Cronbach's, 1951). The results

were reflected in the Table No. 4 given below where Alpha value for overall level should be beyond 0.7. It was considered excellent but for a new scale above 0.6 is also acceptable (Nunnally, 1978).

Table No.4
Reliability test result of constructs:

Variable No	Number of variables	Factor loading	Cronbach alpha	Factor No.	Construct
14	8	.510	.742	1	Financial Disclosure related to Capital structure
15		.542			
22		.648			
24		.567			
25		.719			
27		.773			
43		.553			
45		.560			
4	7	.566	.791	2	Corporate Governance
6		.517			
7		.616			
30		.778			
31		.655			
32		.601			
35		.563			
19	5	.511	.767	3	Financial disclosure made by Audit committee
20		.736			
26		.517			
37		.632			
38		.504			
39	5	.751	.810	4	Human Resource Management
40		.745			
41		.624			
42		.557			
44		.554			
11	4	.530	.609	5	Financial Disclosure related to liquidity
28		.556			
34		.671			
36		.602			
3	4	.513	.762	6	Risk Management
8		.560			
17		.722			
47		.558			
9	3	.598	.644	7	Environmental Disclosure
18		.782			
21		.649			
46	2	.550	.666	8	Operational Disclosure
48		.711			

Source: Computed and compiled

However, analyzing deeply the factors and the clubbed items within each construct there arise a possibility of re-clubbing the constructed factor number 5 (Financial disclosure of liquidity), constructed factor number 3 (financial disclosure made by Audit committee) and constructed factor number 1 (financial disclosure related to capital structure) for further condensation of the obtained components. This was substantiated by adopting Delphi techniques which was constituted taking

10 jury members (Appendix-I) in the group. After re-clubbing, the researcher also tested the reliability of the new factor. The reliability test value of new factor was .822. It was found that the individual reliability test value of factor 1, 3 and 5 (Refer: Table No.3 and 4) was less than the reliability test value of newly clubbed factor. The detail of the new construct was given below in the table No. 5.

**Table No.5
restructuring of construct:**

Variable No	Number of variables	Factor loading	Cronbach alpha	Factor No	Construct
14	17	.510	.822	1	Financial Disclosure
15		.542			
22		.648			
24		.567			
25		.719			
27		.773			
43		.553			
45		.560			
19		.511			
20		.736			
26		.517			
37		.632			
38		.504			
11		.530			
28		.556			
34		.671			
36		.602			
4	7	.566	.791	2	Corporate Governance
6		.517			
7		.616			
30		.778			
31		.655			
32		.601			
35		.563			
39	.751	.810	3	Human Resource Management	
40	.745				
41	.624				
42	.557				
44	.554				
3	4	.513	.762	4	Risk Management
8		.560			
17		.722			
47		.558			
9	3	.598	.644	5	Environmental Disclosure
18		.782			
21		.649			
46	2	.550	.666	6	Operational Disclosure
48		.711			

Source: Computed and complied

After re-clubbing and reliability test six factors were identified. The details of the factors are given in table No. 5 along with number of variables coming under a factor, factor load, reliability value and the name of the factor. Hence, basing on the correlation value we reached at this conjecture that these variables have a strong bearing on investors' mindset.

Conclusion

In this paper, six major constructs were identified through Factor Analysis namely, Operational Disclosure, Environmental Issues, Financial Disclosure, Risk Management, HRM and Corporate Governance Disclosure. We have analyzed the relationship among investors' mindset with six factors. Practically the above identified factors have positive impact on investors' mindset. Further study among these construct definitely opens a new vista and helps in unveiling the degree of inter relationship among them.

References

1. Azlan Amran, Mohd Syarizal Ishak, Abdul Hadi Zulkafi, Mehran Nejati (2010), "Board Structure and extent of corporate governance statement," *International Journal of Managerial and Financial Accounting*, Volume 2, No. 4, pp. 383-400.
2. Baek, H.Y., Johnson, D.R. and Kim, J.W. (2009). "Managerial Ownership, Corporate Governance and Voluntary Disclosure," *Journal of Business & Economic Studies*, Vol. 15, No. 2, Fall 2009, pp. 44-61.
3. Berle, A., and Means, G. (1932). *The Modern Corporation and Private Property*. Macmillan, New York.
4. Bhasin, M.L. (2011) Corporate Governance Disclosure Practices in India: An Empirical Study, *International Journal of Contemporary Business Studies (IJCBS)*, Volume 2, No. 4, April, 2011, pp. 34-57.

5. Brickley, J.A., and James, C. (1987), "The Takeover Market, Corporate Board Composition and Ownership Structure: The Case of Banking", *Journal of Law and Economics*, 30(1), 161-180
6. Cadbury Code (1992). "The Report of the Committee on the Financial Aspects of Corporate Governance: The Code of Best Practices," Gee Professional Publishing, London, pp.1-90, available electronically at www.icaew.com
7. Chahine S., and Filatochev I. 2008, The Effects of Information Disclosure and Board Independence on IPO Discounts, *The Journal of Small Business Management*, Vol. 46, No. 2, pp. 219-241.
8. Cronbach's, L J (1951) 'Coefficient of Alpha and the International Structure Test', *Psychometrika*, 16(3), 297-334.
9. Deegan C, and Gordon B. (1996). A study of the environmental disclosure practices of Australian corporations. *Accounting and Business Research* 26 (3): 187-199.
10. Dragomir, V.D. and Cristina, M. (2009). "Corporate Governance in the European Union: The Implications for Financial and Narrative Reporting," *International Journal of Business and Economics*, Vol. 9, No. 1, pp. 53-64.
11. Eng, L.L. and Mak, Y.T (2003). "Corporate Governance and Voluntary Disclosure," *Journal of Accounting and Public Policy*, 22(4), pp. 325-345.
12. Fama, E.F. and Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, vol. 26, pp. 301-325.
13. FEE, Fédération des Experts Comptables Européens, "Towards a generally accepted framework for environmental reporting", July 2000
14. Haniffa, R.M. and T.E. Cooke, (2002), "Culture, corporate governance and disclosure in Malaysian corporations", *ABACUS*, 38 (3): 317-349.
15. Healy, P.M. and K.G. Palepu (2001), "Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature", *Journal of Accounting and Economics*, 31: 405-440.
16. Hossain, M. and Hammami, H. (2009) "Voluntary disclosure in the annual reports of an emerging country: The case of Qatar," *Advances in Accounting, incorporating advances in International Accounting*, Volume 25, pp. 255-265.
17. Islam, M.S. (2010) "CG and voluntary information disclosure: a study of listed financial companies in Bangladesh," *AIUB Journal of Business and Economics*, Volume 9, n0. 1, January, pp. 81-96.
18. Jensen, M. C., and Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3, 303-360.
19. Kakani, R. K., Saha, R., and Reddy, V. N. (2001). Determinants of Financial Performance of Indian Corporate Sector in the Post-liberalization Era: An Exploratory Study. National Stock Exchange Initiative, Research Paper No. 5.
20. Kerlinger, Fred N (1973). *Foundation of Behavioral Research*, New York: Holt, Rinehart and Winston, p 300
21. Krishnaswami O R, and Ranganatham M.,(2007) *Methodology of research in social science* , HPH, Mumbai, 2Nd revised, pp 164-165.
22. Mangel, R., and Singh, H. (1993). Ownership Structure, Board Relationships and CEO Compensation in Large U.S. Corporations. *Accounting and Business Research*, 23,339-350.
23. Murthy, V. (2008) "Corporate Social disclosure practices of top software firms in India," *Global Business Review*, August, Volume 9, no. 2, pp. 173-188.
24. Nunally JC. (1978), *Psychometric Theory*, McGraw-Hill, New York,
25. Patelli, L. and Prencepe, A. (2007). "The Relationship between Voluntary Disclosure and Independent Directors in the Presence of a Dominant Shareholder," *European Accounting Review*, 16 (1), pp. 5-33.
26. Pearce, J. A., and Zahra, S. (1992). The Relative Power of CEOs and Boards of Directors: Associations with Corporate Performance. *Strategic Management Journal*, 12(2), 135-153.
27. Philips, Bernard S. (1953). *Social Research Strategy and Tactics*, London: Macmillan publishing Co., 2nd ed., p 93.
28. Roberts, C. B. (1991). Environmental Disclosures: A Note on reporting practices in Mainland Europe. *Accounting, Auditing & Accountability Journal*, Vol 4(3), 62-71.
29. Rouse, R. W. (2013). A New Captain in Place. *Journal of Corporate Accounting & Finance*, 24(6), 89-92.
30. Sharma, P., & Chrisman, S. J. J. (2007). Toward a Reconciliation of the Definitional Issues in the Field of Corporate Entrepreneurship*. In *Entrepreneurship* (pp. 83-103). Springer Berlin Heidelberg.
31. Subramanian S. (2006). "Management Control and Differences in Disclosure Levels: The Indian Scenario," *ICFAI Journal of Corporate Governance*, Volume 5, No. 1, pp. 16-33.
32. Tamoi Janguu, Corina Joseph, Nero Madi, (2007) "The Current State of Corporate Social Responsibility Among Industrial Companies in Malaysia", *Social Responsibility Journal*, Vol. 3 Iss: 3, pp.9 - 18
33. Weisbach, M. (1988). Outside directors and CEO turnover. *Journal of Financial Economics*, vol. 20, pp. 431-460.
34. Williams, S.M. (1999), "Voluntary environmental and social accounting disclosure practices in the Asia-Pacific region: An international empirical test of political economy theory", *The International Journal of Accounting*, 34 (2): 209-238.

Expert Group

Appendix-I

Sl.No.	Name	Details	Position
1	Dr. Dukha Bandhu Sahoo	IIT , Bhubaneswar	Asst. professor
2.	Dr. B C M Pattnaik	KIIT, University	Professor
3	Sangrama Jena	Karvey Consultancy	Financial Advisor
4	Satyananda Choudhury	Stock holding corporation of India Ltd.	Manager
5	Prakash Chandra Rath	L & T Finance	Credit Head
6	Amulyadhan Rout	Abhijeet Group	Director
7	Manoj Pattnaik	CNN IBN	Chartered Accountant
8	Debasish Mohanty	CIME	Chartered Accountant
9	Dr. Hrudananda Atabudhy	OUAT	Retd. Prof. In Economics
10	Bimal Mohanty	My home industries Ltd.	CMA
11	S. S Acharya	SIDBI, Bhubaneswar	DGM
12	Pradipta Kumar Dash	Axis Bank	Head-clearing