The Consequences of Voluntary Information Disclosure on Firm Value: Case of Tunisian listed firms

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Abstract:

The aim of this paper is to examine the impact of voluntary information disclosure on firm value for a sample of Tunisian firms listed on the Tunis Stock Exchange between 2005 and 2007. The results of the study have shown that, in the Tunisian context, (1) Voluntary corporate disclosure has an effect on income smoothing since an increased level of voluntary disclosure allows a detection of income smoothing. (2) Voluntary corporate disclosure has an effect on firm value via income smoothing. Actually, the more the Tunisian companies voluntarily disclose information, the less chance will be for managers to smooth earnings since the information needed to detect any income smoothing is held by investors, which entails an amplified firm value.

This finding contributes to the relevant literature, particularly in an emerging market context characterized by a scarcity of studies regarding how the marketplace perceives voluntary disclosure. The paper evaluates comprehensively the value relevance of overall voluntary disclosure to the market participants. Finally, this finding might be accepted as a signal to corporations to disclose more information to the stakeholders. Since an increased level of voluntary disclosure will enhance the firm value.

Keywords: voluntary disclosure, income smoothing, firm value, emerging market, income.

1. Introduction:

In the recent years, several regulatory organizations have made efforts to ameliorate the disclosure strategy within companies so as to facilitate the process of decision making (OCDE 2015, SEC 2015, Law No. 2005-96 of 18 October 2005-tunisia).

Since 2005, information disclosure has taken more attention from regulatory organizations. Actually, Article 3 (new) of Law No.2005-96 of October 18, 2005 indicates that Tunisian Companies making public offerings are required to file to the Financial Market Council and the Tunis Stock Exchange the agenda and the resolutions’ draft proposed by the Board of Executive, the financial statements, a discussion of the results of the activities, their future development, and eventually the changes in methods of preparation and presentation of financial statements, elements of internal control and audit report.

The disclosure requirements have improved in 2008. Section 44 of the Decree of the Minister of Finance of 17 September 2008 indicates that the annual reports of companies making public offerings must enclose information other than those required by the above section (e.g. the evolution of the company and its performances over the last five years, activities of the company concerning research and development, etc.)(Regulation of the Council on financial market on public offering Article 44, September 2008).

Voluntary information disclosure has been the object of considerable attention in the literature. The majority of studies have sought the causes of voluntary disclosure. They have shown that voluntary disclosure depends on several variables linked to the company namely: size, ownership structure, company’s debt and performance (Lapointe et al, 2005; Brako et al, 2006). Studies on the determinants have concluded that voluntary disclosure reduces, on one hand, information asymmetry (Ben Saada et al, 2010) and, on the other hand, agency costs (Matoussiet al, 2006).

Other studies have focused on the consequences of voluntary information disclosure. They have shown that voluntary disclosure can affect income smoothing since it facilitates its detection (Zhou and Lobo, 2001; Lapointe et al, 2005; Jans, 2005; Lamrani, 2010). Actually, higher levels of disclosure allow the investors to get more information, which help them detect income smoothing. Thus, to build a better image of the company in order to attract new investors, managers have no incentive to manage their earnings.
Income Smoothing may have an effect on the firm value. First, it may have a positive effect since it can affect the future cash flow or the perceived risk of the firm (Lapointe et al, 2005). Second, income smoothing can be considered as an opportunistic earnings management. So, since the firm value depends on its reported earnings, income smoothing may have a negative effect on its value (Lapointe et al, 2005).

The main problematic of the current research paper stems from the paucity of empirical studies examining the impact of voluntary information disclosure on firm value in the Tunisian context. Therefore, the current study aims at studying the consequences of voluntary corporate disclosure in listed Tunisian firms, first, on income smoothing, and second, on firm value via income smoothing.

2. Theoretical framework and research hypothesis

In the existing literature, several theories such as the agency theory, the signalling theory, the information economics theory and positive accounting theory, have notably contributed to the analysis of the consequences of voluntary information disclosure.

2.1. The impact of voluntary corporate disclosure on income smoothing

There has been a paucity of research in the existing literature in respect of the impact of voluntary disclosure on income smoothing. According to Lapointe et al. (2005), increased voluntary disclosure of information enables investors to detect earnings smoothing thanks to the information they hold. And given that the major goal of managers is to attract new investors to increase the shares liquidity and the firm value, they have no incentive to manage earnings since smoothed earnings don’t reflect the firm’s transparency.

Hypothesis 1: we predict a positive relationship between change in net income and income smoothing.

2.1.2. Voluntary corporate disclosure

The literature has shown that income smoothing is based on disclosure policy. Shipper (1998) demonstrated that companies which disclose more information are less likely to manage their income since increased transparency reduces information asymmetry and also helps to detect earnings management.

Shipper (1989) and Jo and Kim (2007) concluded that there is a negative correlation between voluntary disclosure and income smoothing. Shaw (2003) found that there is a negative relationship between voluntary disclosure and income smoothing during good news years. Contrarily, the relation appears positive during bad news years. Lapointe et al. (2005) also found that this relation is negative, but not significant.

Hypothesis 2: we predict a negative relationship between voluntary information disclosure and income smoothing.

2.1.3. The interaction between change in net income and voluntary corporate disclosure

This variable is used to test whether the effect of voluntary information disclosure on income smoothing is more pronounced in case of change in net income. Lapointe et al. (2005) found that this correlation is negative, but not significant.

Hypothesis 3: we predict a negative correlation in the interaction between change in net income, voluntary corporate disclosure and income smoothing.

Hence model n°1:

\[
\text{Income smoothing} = f (\text{change in net income, voluntary corporate disclosure level, interaction between change in net income and voluntary corporate disclosure})
\]
2.2. The consequences of voluntary corporate disclosure on firm value

A small number of prior studies have investigated the impact of voluntary corporate disclosure on firm value (Lapointe et al., 2005). The literature suggests that income smoothing may affect firm value (Beaver, 2002; Lapointe et al., 2005; Klibi and Matoussi, 2007). According to Lapointe et al. (2005), income smoothing can have a positive or a negative effect on firm value. First, it can have a positive effect since it affects either future cash flows or firm associated risk. Second, income smoothing can be considered as an opportunistic earnings management. And since the firm value depends on its reported earnings, income smoothing may have a negative effect on firm value (Lapointe et al., 2005).

2.2.1. Equity

Lapointe et al. (2005) have shown that firm value depends on the firm’s equity and earnings. Hence, a higher level of equity shows the way to a greater company value.

Hypothesis 4: we predict a positive relationship between equity and firm value (The company value increases in parallel with the equity level)

2.2.2. Earnings

Lapointe et al. (2005) affirm that higher earnings lead to an increased firm value.

Hypothesis 5: we predict a positive relationship between earnings and company value.

2.2.3. Income smoothing

The firm value can vary depending on income smoothness which is also function of voluntary information disclosure. In fact, higher levels of information disclosure help the investors better detect income smoothing, which will cause an improved earnings quality. Consequently, earnings will be more pertinent to assess firm value.

Lapointe et al. (2005) found that income smoothing has a negative but a non significant impact on firm value only for Swiss firms using international and American standards. Conversely, Klibi and Mattoussi (2007) confirmed this negative relation for French firms issuing new shares.

Hence model n°2:

\[
\text{Firm value} = f (\text{equity, earnings, income smoothing})
\]

3. Research methodology

3.1. Sample

The initial sample of this study consisted of 50 Tunisian companies that are listed on the Tunis Stock Exchange. Firms that belong to the financial sector such as banks, insurances, and investment firms have been excluded mainly because the nature of these firms' regulations differs from other firms. We excluded, also, firms that don’t have an annual report. The final sample consists of 18 Tunisian firms listed on the Tunis Stock Exchange. The collected annual reports concern the years 2005, 2006 and 2007.

3.2. Data Sources

Data collection on the variables of our models was made from two data sources:

- The annual reports available at the Financial Market Council
- The websites of the Financial Market Council, the Tunis Stock Exchange and the Tustex (a website of firms 'news in the Tunis Stock exchange).

The annual reports include, generally, financial statements (balance sheet, statement of cash flows, and thenotes), Board report and audit report.
3.3. Variables’ measures and definitions

In what follows we will introduce appropriate measures to variables included in our two models.

3.3.1. Variables studying the effect of voluntary corporate disclosure on income smoothing (Model 1)

**The dependent variable: income smoothing (PROVDEP)**

To measure this variable, we referred to the total provisions/depreciation. This variable depends primarily on the managers’ judgment and estimation and is, actually, one of the smoothing techniques. Managers use it to increase or decrease reported earnings.

To control the size effect, the total provision/depreciation is multiplied by the logarithm of assets. This measure is the same as that used by Lapointe et al. (2005).

\[
\text{Income smoothing} = \text{Total provisions/} \text{depreciation} \times \ln(\text{Total assets})
\]

**The independent variables:**

- **Change in net income (ΔNI):** it is the change in annual net income exclusive of depreciation and provision, multiplied by the logarithm of assets. This is the same as that used by Lapointe et al. (2005).

\[
\text{Change in net income} = (\text{Net income}_N - \text{Net income}_{N-1}) - \text{depreciations/provisions} \times \ln(\text{Total assets})
\]

- **Voluntary corporate disclosure (DISCORE):** it is measured by the Botosan score (Botosan, 1997). This score was validated by several studies in various contexts. It is structured around five components, three of which relate to the financial information (summary of historical results, projected Information, management discussion and Analysis). A component is devoted to non-financial information, and another one to background information. We selected 63 items for non-commercial firms and 55 elements for commercial ones.

Our disclosure score will be calculated as follows:

\[
\text{Disclosure score}_i = \frac{\text{Firm’s total Score}_i}{\text{Firm maximum disclosure Score}_i}
\]

- **The interaction between change in net income and disclosure score (ΔNI * DISCORE):** this variable is used to test whether the effect of voluntary corporate disclosure on earnings smoothing is more pronounced in the presence of change in net income.

\[
\text{Interaction between change in net income and disclosure score} = \text{change in net income} \times \text{disclosure score}
\]

**Control variables:**

- **Capital Assets (CAPASSETS):** according to Lapointe et al. (2005), an increased level of capital assets can affect income smoothing since managers use amortization to smooth earnings. Therefore, higher levels of capital assets, allow the managers to enhance smooth earnings. To measure this variable we used the logarithm of capital assets, multiplied by the logarithm of total assets.

\[
\text{Capital assets} = \ln(\text{Total capital assets}) \times \ln(\text{Total assets})
\]

- **Revenues (REVENUES):** this variable can affect income smoothing. In fact, when the revenue level increases, managers tend to reduce it by smoothing earnings. To measure this variable we referred to the logarithm of revenues multiplied by the logarithm of assets.
Revenues = Ln (Revenues) * Ln (Total assets)

Accordingly, our model No.1 will be as follows:

\[
\text{PROVDEP}_{it} = b_0 + b_1\Delta NI_{it} + b_2\text{DISCORE}_{it} + b_3\Delta NI \ast \text{DISCORE}_{it} + b_4\text{CAPASSETS}_{it} + b_5\text{REVENUES}_{it} + e_{it}
\]

With:

- **PROVDEP**: Provision/depreciation.
- **\(\Delta NI\)**: Change in net income.
- **DISCORE**: Voluntary corporate disclosure score.
- **\(\Delta NI \ast \text{DISCORE}\)**: Interaction between earnings variation and disclosure score (index).
- **CAPASSETS**: Total capital assets.
- **REVENUES**: Total revenues.

3.3.2. Variables studying the effect of voluntary information disclosure on firm value via income smoothing (Model 2)

**The dependent variable**: firm’s market value (**MVEQUITY**)

In this study, the firm value is measured by market capitalization (share price * total number of shares) multiplied by the logarithm of assets.

\[
\text{Firm’s market value} = \text{Market capitalization} \ast \text{Ln (Total assets)}
\]

**The independent variables**:

- **Equity**: to measure this variable we referred to the value of equity multiplied by the logarithm of assets (Lapointe et al, 2005).

\[
\text{Equity} = \text{Equity} \ast \text{Ln (Total Assets)}
\]

- **Earnings**: they are measured by multiplying the earnings by the logarithm of assets. This is the same as that used by Lapointe et al. (2005).

\[
\text{Earnings} = \text{Earnings} \ast \text{Ln (Total Assets)}
\]

- **Income smoothing (PROVDEP)**: this variable is measured by the total provision/depreciation. To control the size effect, the total provision/depreciation is multiplied by the logarithm of assets.

\[
\text{Income smoothing} = \text{Total provisions/depreciations} \ast \text{Ln (Total Assets)}
\]

Our model No.2 will be, hence, as follows:

\[
\text{MVEQUITY}_{it} = b_0 + b_1\text{EQUITY}_{it} + b_2\text{EARNINGS}_{it} + b_3\text{PROVDEP}_{it} + e_{it}
\]

With:

- **MVEQUITY**: Firm’s market value.
- **EQUITY**: Total equity.
EARNINGS: Total earnings.
PROVDEP: provision/depreciation.

4. Analysis and discussion of results
4.1. Descriptive statistics

In this section, we will analyze the descriptive statistics of variables used in both research models.

4.1.1. Descriptive analysis of the level of voluntary information disclosure

Table A.1: Descriptive analysis of the disclosure score

Panel A: 2005

<table>
<thead>
<tr>
<th>Number of firms</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure score</td>
<td>18</td>
<td>0.2699</td>
<td>0.0556</td>
<td>0.1727</td>
</tr>
</tbody>
</table>

Panel B: 2006

<table>
<thead>
<tr>
<th>Number of firms</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure score</td>
<td>18</td>
<td>0.2963</td>
<td>0.0664</td>
<td>0.1909</td>
</tr>
</tbody>
</table>

Panel C: 2007

<table>
<thead>
<tr>
<th>Number of firms</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure score</td>
<td>18</td>
<td>0.3208</td>
<td>0.0765</td>
<td>0.2187</td>
</tr>
</tbody>
</table>

Panels A, B and C present the evolution of the disclosure score over the period 2005 and 2007. The mean aggregate score has increased from 0.2699 in 2005 to 0.3208 in 2007 showing an improvement in the extent of voluntary disclosure by Tunisian firms. Therefore, firms allocate more value to their disclosure strategy by communicating voluntarily more information. However, this voluntary disclosure remains modest.

4.1.2. Descriptive analysis of other variables

Table 2 presents the descriptive analysis of variables used in both research models other than the level of voluntary information disclosure.
### Table A.2: Descriptive Analysis of variables other than Disclosure score

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of firms</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROVDEP</td>
<td>54</td>
<td>23,8149</td>
<td>71,9403</td>
<td>0,129183</td>
<td>345,4561</td>
</tr>
<tr>
<td>∆NI</td>
<td>54</td>
<td>-25,0178</td>
<td>77,1232</td>
<td>-354.6029</td>
<td>7.1700</td>
</tr>
<tr>
<td>∆NI *DISCORE</td>
<td>54</td>
<td>-9,1817</td>
<td>29,9316</td>
<td>-138,6175</td>
<td>2,3331</td>
</tr>
<tr>
<td>CAPASSETS</td>
<td>54</td>
<td>2,7563</td>
<td>1,7216</td>
<td>0,7771</td>
<td>9,0268</td>
</tr>
<tr>
<td>REVENUES</td>
<td>54</td>
<td>3,1014</td>
<td>1,8776</td>
<td>0,8702</td>
<td>9,3767</td>
</tr>
<tr>
<td>MVEQUITY</td>
<td>54</td>
<td>199,9265</td>
<td>368,9075</td>
<td>9,255007</td>
<td>1918,865</td>
</tr>
<tr>
<td>EQUITY</td>
<td>54</td>
<td>96,6971</td>
<td>200,1642</td>
<td>-6,0376</td>
<td>1083,573</td>
</tr>
<tr>
<td>EARNINGS</td>
<td>54</td>
<td>37,54877</td>
<td>92,652</td>
<td>-0,0099</td>
<td>408,3884</td>
</tr>
</tbody>
</table>

With:

- **PROVDEP**: Provision/depreciation.
- **ANI**: Change in net income.
- **DISCORE**: Voluntary corporate disclosure score.
- **ANI *DISCORE**: Interaction between earnings variation and disclosure score (index).
- **CAPASSETS**: Total capital assets.
- **REVENUES**: Total revenues.
- **MVEQUITY**: Firm’s market value.
- **EQUITY**: Total equity.
- **EARNINGS**: Total earnings.

4.2. Multivariate analysis

Before making multivariate analysis, it is necessary to detect any problem of multicollinearity between the explanatory variables. The statistical results (not reported in this paper) show that there is no significant correlation between these variables.
4.2.1. The effect of voluntary corporate disclosure on income smoothing

Table A.3: Results of linear regression Model.1

Model n°1 :  \( \text{PROVDEP}_{i,t} = b_0 + b_1 \Delta \text{NI}_{i,t} + b_2 \text{DISCORE}_{i,t} + b_3 \Delta \text{NI} \times \text{DISCORE}_{i,t} + b_4 \text{CAPASSETS}_{i,t} + b_5 \text{REVENUES}_{i,t} + e_{i,t} \)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient bi</th>
<th>T</th>
<th>Signification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constante</td>
<td>0.2856</td>
<td>6.25</td>
<td>0.000***</td>
</tr>
<tr>
<td>( \Delta \text{NI} )</td>
<td>-1.1772</td>
<td>-10.35</td>
<td>0.000***</td>
</tr>
<tr>
<td>\text{DISCORE}</td>
<td>-0.7488</td>
<td>-4.98</td>
<td>0.000***</td>
</tr>
<tr>
<td>( \Delta \text{NI} \times \text{DISCORE} )</td>
<td>2.7311</td>
<td>8.27</td>
<td>0.000***</td>
</tr>
<tr>
<td>\text{CAPASSETS}</td>
<td>-0.0517</td>
<td>-0.71</td>
<td>0.484</td>
</tr>
<tr>
<td>\text{REVENUES}</td>
<td>0.1149</td>
<td>1.46</td>
<td>0.156</td>
</tr>
</tbody>
</table>

\( R^2 = 0.9240 \)

\( \text{PROVDEP}_{i,t} = 0.2856 - 1.1772 \Delta \text{NI}_{i,t} - 0.7488 \text{DISCORE}_{i,t} + 2.7311 \Delta \text{NI} \times \text{DISCORE}_{i,t} - 0.0517 \text{CAPASSETS}_{i,t} + 0.1149 \text{REVENUES}_{i,t} \)

The results of linear regression on the effect of voluntary corporate disclosure on income smoothing presented in Table 3 indicate that the variance of income smoothing is explained by the change in net income, the level of voluntary information disclosure and the level of voluntary information disclosure in case of a grand earnings variation.

In point of fact, the results show that, contrary to hypothesis H1, which states that there is a positive relationship between change in net income and income smoothing, the change in net income is negatively and significantly associated with income smoothing (b1 = -1.177 and p = 0.000). This is explained by the fact that Tunisian firms seem not to use the provisions/depreciations to smooth earnings.

The level of voluntary information disclosure appears to be negatively associated with income smoothing (b2 = -0.7488 and p = 0.000). This confirms hypothesis H2 which states that there is a negative relationship between voluntary corporate disclosure and income smoothing. It seems, therefore, that Tunisian firms tend to reduce smoothing when they voluntarily disclose information. Indeed, and since the managers’ major goal is to maximize the firm value, they have no incentive to smooth earnings because voluntary disclosure allows investors to detect income smoothing.

Finally, results in Table 3 indicate that the interaction between change in net income and income smoothing has a positive and significant effect on income smoothing (b3 = 2.7311 and p = 0.000). This result contradicts hypothesis H3. Therefore, in presence of change in net income, firms smooth earnings even if the level of disclosure is important.
As to control variables, and contrary to our expectations, we detect a negative and non significant relationship between capital assets and income smoothing ($b_4 = -0.05170$ and $p=0.484$). A non significant and positive association between earnings and income smoothing ($b_5=0.1149$ and $p=0.156$). These results show that capital assets and earnings have no effect on income smoothing within Tunisian firms. This result can be explained by contextual differences.

### 4.2.2. The effect of income smoothing on firm’s value (Model n°2)

**Table A.4: Results of linear regression Model. 2**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient $b_i$</th>
<th>T</th>
<th>Signification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constante</td>
<td>0.0000</td>
<td>-0.000</td>
<td>1.000</td>
</tr>
<tr>
<td>EQUITY</td>
<td>0.1638</td>
<td>1.84</td>
<td>0.066*</td>
</tr>
<tr>
<td>EARNINGS</td>
<td>0.9354</td>
<td>13.19</td>
<td>0.000***</td>
</tr>
<tr>
<td>PROVDEP</td>
<td>-0.2376</td>
<td>-2.82</td>
<td>0.005***</td>
</tr>
</tbody>
</table>

$R^2 = 0.9458$

$$MVEQUITY_{it} = b_0 + b_1EQUITY_{it} + b_2EARNINGS_{it} + b_3PROVDEP_{it} + e_{it}$$

The results in Table 4 show that the change in firm value is explained by equity, earnings and income smoothing.

The statistics in Table 4 suggest a positive and significant relationship between the level of equity and firm value ($b_1=0.1638$ and $p=0.066$). This result supports Hypothesis H4, which states that firm value increases in parallel with the level of equity. Indeed, equity is the pledge of shareholders and creditors. Moreover, a more important level of equity leads to a larger distribution of dividends. Therefore, firm value depends on the firm’s own equity.

According to Table 4, we also note that earnings have a positive and significant effect on firm value ($b_2=0.9354$ and $p=0.000$). This result confirms hypothesis H5 which states that there is a positive and significant relationship between earnings and firm value. The more the equity is important, the greater the demand for the company’s shares and the greater its value will be.

Finally, we note that income smoothing has a negative and significant effect on firm value ($b_3=-0.2376$ and $p=0.005$). This result supports hypothesis H6 which states that income smoothing is negatively associated with company value. It seems, therefore, that investors are able to detect smoothing. Actually, when the investors recognize that the reported earning is smoothed, they will no longer have confidence in its published statistics, and, therefore, they will no more be interested in its shares, which will adversely affect the firm value.

From the foregoing, we can assemble our results as follows:

Voluntary corporate disclosure within Tunisian firms has a direct effect on income smoothing since an increased level of voluntary disclosure results in a reduction of income smoothing.

Voluntary information disclosure has an indirect effect on firm value via income smoothing. Indeed, higher levels of voluntary information disclosure within Tunisian firms diminish the value of smoothed earnings since...
investors possess the information allowing them to detect income smoothing, and increase the firm value since earnings reflect the firm’s transparency.

5. Discussion
The main objectives of this research consist in determining the factors that influence the policy of voluntary disclosure of information within the Tunisian companies, and to study, subsequently, the consequences of such disclosure on the value of the company via smoothing of benefit.

To test the validity of these assumptions, we used the method of multiple linear regression. The results relating to the model n°1 show that the family and the concentration of ownership have a significant effect on the voluntary level of disclosure, while the institutional ownership presents a non-significant effect on the voluntary level of disclosure.

The significant relation between the concentration of the ownership and the voluntary level of disclosure can be explained by two reports. Initially, in the presence of concentrated ownership, the shareholders can be incited to reveal more information in order to improve the liquidity of the titles and to maximize the value of the company. The company size is positively and significantly associated with the voluntary level of disclosure of information, which leads to conclude that the Tunisian companies of big size tend to voluntarily reveal more information. This can be explained by their capacity to support the costs of disclosure and their will to be distinguished from the smallest and least profitable companies.

The results also show that, the performance and the debt have a non-significant effect on the voluntarily level of disclosure of information. It would seem that they don’t determine the voluntary policy of disclosure of the Tunisian companies.

In addition, the results of model n°2 indicate that the deviation of the benefit is negatively and significantly associated with the smoothing of benefit. According to these results, the Tunisian companies do not use the provisions /depreciations to smooth the result. It would seem they tend to lessen the smoothing of the result when they voluntarily reveal more information. Indeed, the major target of the leaders is to maximize the value of the company, so it’s not beneficial to smooth the result because the voluntary disclosure of information makes it possible to the investors to detect the smoothing decrease the value of the company.

The results also show that the interaction between the deviation of the benefit and the smoothing of the results have a positive and significant effect on the smoothing of the result. This result can be explained by the fact that the effect of the voluntary disclosure on the smoothing is not accentuated by the presence of the deviation of the benefit.

Finally, the results related to the model n°3 show that the relation between the level of the shareholders’ equity and the value of the company is positive and significant. Indeed, the shareholder’s equity constitutes the pledge of the shareholders and the creditors. Consequently, the value of the company depends on the shareholders’ equity that the company has. The results show that the smoothing of the result is negatively associated with the value of the company tends to increase when the leaders do not smooth the result.

By what precedes, we achieve the idea that, first, in the Tunisian context, the voluntary disclosure of information is explained by the concentration of the ownership and the company size. The theory of agency does not explain the voluntary disclosure of information in the Tunisian context considering the nature of the structure of the Tunisian companies formed by family businesses. Second, the voluntary disclosure has an indirect effect on the value of the company via smoothing of benefits. Indeed, the more the company voluntarily reveals information, the less the value of the smoothed results will be. Investors have information which allows them detect the smoothing of the result.

6. Conclusion
This research work is, to our awareness, the first to study the consequences of voluntary disclosure in the Tunisian context. The results seem to be interesting and could serve as a tool for decision making.

First, the results of this study show that voluntary information disclosure in Tunisian firms has a direct effect on income smoothing since an increased level of voluntary disclosure facilitate a detection of income smoothing.
Second, voluntary corporate disclosure has an indirect effect on firm value via income smoothing. Indeed, the more the Tunisian firms voluntarily disclose information, the less opportunity will be for managers to smooth earnings, which will enhance the firm value.

Finally we conclude that, the main finding of the study is that voluntary disclosure is value-relevant for firm value. This implies that market participants value voluntary disclosure. The more information firms disclose voluntarily, the higher value they have in the eyes of investors. Therefore, this finding might be accepted as a signal to corporations to disclose more information to the stakeholders.

However, the finding has some limitations. First, it should be noted that the sample is reduced. Our sample is limited to 18 companies which correspond to the number of companies for which an annual report is available.

In Future research, and for a better generalization of results, the sample could be expanded. In addition, other measures of income smoothing, such as accruals, can be used since Tunisian managers seem not to use the provision/depreciation to smooth earnings. This measure necessitates information which is not obviously available in the Tunisian context. Future research can eventually test the effect of an increased level of voluntary corporate disclosure on other consequences of the financial market (e.g. predictions of investors). Finally, annual reports have been used as the sole source of data gathering, others such as web sites press releases, prospectuses could be used in future studies.

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