# TRANSPARENCY AND DISCLOSURE IN EUROPEAN CORPORATE GOVERNANCE CODES – DOES ISSUER MATTER?

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**Abstract:**

The purpose of our paper is to analyze corporate governance codes, currently in force in the European Union member states, in terms of disclosure and transparency compliance with the Organization for Economic Co-operation and Development requirements and recommendations by reference to various features related to codes' issuers and other particular characteristics. The research methodology used for achieving our goal is based on econometric analysis using various statistical tools (descriptive statistic, correlations and regressions).The results of the performed analysis are consistent with prior research findings, revealing that the level of provisions related to disclosure and transparency stipulated in corporate governance codes are influenced by their issuer' s type and diversity. Moreover, we identified other features of a code such as their length, a separate chapter dealing with disclosure and transparency and its length, or the frequency of using these words and their definition, whose influence proved to be the same.

**Keywords:** *corporate governance, comparison, disclosure and transparency, European Union*

## 1. Introduction

The variety of definitions and models of corporate governance developed along time often gave rise to researchers' concern over the convergence of corporate governance systems across countries, thus becoming a subject of interest and controversy in a variety of disciplines. Accordingly, there have been conducted various studies focusing on this aspect or at least aiming to compare regulations enforced by different jurisdictions.

Theoretical studies published along time reviewing prior literature focused on codes of corporate governance succeeded to highlight how fasten these spread around the world, thus transforming them in a highly debated topic of interest for academic research.

Therefore, many questions have been addressed along time, some of them receiving a more or less comprehensive answer, while others are still unsolved. They started from finding out what exactly constitutes convergence, trying to establish the

major impediments that are standing in its way. Finally, they are looking for empirical evidence to prove that codes are moving towards or away from convergence.

The remainder of this paper proceeds as follows. In Section II we review the most relevant contributions of various researchers on this topic. Section III starts by presenting the research design used to undertake our empirical study, thus describing the sample selection and defining the variables used for testing the hypothesis and developing a model. The last part of this section reveals the empirical findings of our research. Finally, Section 4 summarizes and concludes the paper.

## 2. Literature review

The wide prior international literature focused on corporate governance codes often analyzed them with the purpose of finding an answer to the most controversial question "Will ever exist convergence in corporate governance systems?" (Yoshikawa and Rasheed, 2009).

Finding an answer to this question needs first to distinguish between its main forms that have been defined along time: "functional", "formal" and "contractual" convergence (Gilson, 2000), "de jure" and "de facto" convergence (Khanna et al., 2006), "hybrid convergence" (Rose, 2001), "normative convergence" (Milhaupt, 2001) and "institutional convergence" (Chamy, 1998). According to these studies, "de jure" convergence and the "formal" one have the same meaning, but at different levels (the country, respectively the firms' one), both of them revealing an increasing closeness in terms of legal frameworks, by adopting similar corporate governance laws, but at different levels.

Thus, *our study* might be considered as a *research on "de jure" convergence* of corporate governance codes in force in European Union member states towards a general accepted framework of good principles, issues by OECD.

Regarding "formal" or "de jure" convergence, there is evidence showing that "there does seem to be convergence on certain common core principles based usually around the OECD Principles of Corporate Governance" (Mallin, 2004), mainly due to the common elements introduced in major European regulations, as well as to the similarities in forthcoming legislation of the European directives (Wymeersch, 2002).

On the other hand, the majority of the codes of the European Union countries are not in full accordance with the priorities of the European Commission (Hermes et al., 2006). This is the conclusion reached after an analysis performed for identifying to what extent the contents of these codes are driven by external (internationally accepted corporate governance best practices) or domestic (national institutions) forces.

These conclusions have been reached mainly from theoretical studies, prior literature focused on comparative analysis of corporate governance regulatory systems providing little empirical evidence in this respect.

However, in the latest years, there were some attempts in conducting empirical research (Cicon et al., 2010), aiming to analyze European corporate governance codes

on their content, variability and convergence, from different perspectives, like their theme, their issuer and legal regime. Using a textual methodology based on Latent Semantic Analysis (LSA) (Deerwester, 1990) on a sample of 23 different European national codes, international researches examined the thematic content of their governance codes reaching to the conclusion that some elements of continental governance codes are converging to the U.K. model while others diverge, thus failing to find empirical evidence of "total" convergence towards Anglo-Saxon model of corporate governance.

Other empirical analysis performed were aimed to compare international corporate governance provisions ability to protect various stakeholders, such as shareholders, especially the minority ones, creditors and even workers (Siems, 2009; Martynova and Renneboog, 2010).

Using different research methodologies, some authors intended to address the convergence debate empirically, by measuring the convergence of corporate governance regimes across the countries using indices developed in this respect.

Thus, these authors (Siems, 2009) developed indices that indicate how well countries considered for sampled analysis (France, Germany, UK, US and India) protect shareholders, creditors and workers, by using 144 legal variables coded for each country-year, covering a relatively long time period (1970 to 2005). By calculating the differences between each variable in the law of a particular legal system, using "leximetrics" methodology (Lele and Siems, 2007; Siems, 2001) the authors could conclude if there is a formal convergence, persistence, or divergence of rules, the general conclusion reached revealing that the laws have converged in shareholder protection, diverged in worker protection, and evened out in creditor protection.

Following the same convergence approach, other researchers (Martynova and Renneboog, 2010) developed indices that indicate how the law in each country addresses various potential agency conflicts, using a unique database that comprises the main changes in corporate governance regulations in the US and all European countries between 1990-2005. Hence, empirical analysis is focused this time on a wide range of countries but covers a shorter period of time. Instead, information used for the performed analysis are more comprehensive, being based on the study of various corporate governance regulations, on the results from a detailed questionnaire sent to more than 150 legal experts, and on direct interviews with some of these experts.

In contrast to the "LLSV ranking system" (La Porta et al., 1997), the three new corporate governance indices that reflect the quality of national laws aimed at protecting corporate shareholders from being expropriated by management, minority shareholders from being expropriated by large block-holder, and creditors from being expropriated by shareholders, capture a broader scope of corporate governance regulation reforms and their dynamics.

The conclusion reached reveal that countries of English legal origin still provide the highest quality of shareholder protection, while Continental European countries have improved their legal system up to the standard set by the English one, the dominant legal strategy across countries to address this protection being the

improvement of corporate transparency.

### 3. Research desigh and results

Because Anglo-American model seemed to prevail the other systems of corporate governance, as the most research findings reveal, and the improvement of corporate transparency proved to be the dominant legal strategy across countries followed in this respect, we decided to focus our attention on this topic through a different approach.

Unlike most prior research that compared various corporate governance codes aiming to identify convergence towards the Anglo-American model, we selected for comparison an international framework (OECD principles of corporate governance), whose recommendations have the character of good governance principles, thus ensuring added value to our study.

Thus, *the purpose of our empirical study is to analyze corporate governance codes in terms of disclosure and transparency compliance with OECD requirements and recommendations by reference to various features related to their issuers and other particular characteristics*.

In this respect, we will perform an *quantitative analysis with character of comparison*, referring as well to previous research findings on the same topic, followed by *testing* possible *correlations* for *developing a linear model of regression*.

*Hypothesis and model development*

Prior literature show that the corporate governance codes' issuers varies across countries (Aguilera and Cuervo-Cazurra, 2004; Enrione, et al., 2006; Zattoni, and Cuomo, 2008). There are also empirical evidences that reveal differences between codes by comparing the relative importance given to various issues, after classifying the codes into particular groups (Cicon et al., 2010).

Basing on prior conclusions (Cicon et al., 2010) related to "disclosure" theme weight on each type of issuer defined, our paper is aimed to identify, using a different research method, the importance given to disclosure by each analyzed codes in comparison with prior findings, by considering the same groups of codes.

Consistent with the association between our empirical results and previous related research findings, our first hypothesis can be stated as the following:

**H1: The compliance of corporate governance codes with OECD principles is consistent with prior research findings related to "code's issuer type".**

In order to add value to our research, firstly, we extended the sample from 21 European Union members states whose corporate governance codes were analyzed

(Cicon et al., 2010) to all 27 current members, thus providing a more comprehensive image of our research topic.

Secondly, we reclassified our sample of codes into five groups, partially different than those previously defined by the same authors. Thus, we maintained the group "exchange" made of those codes issued by a national stock exchange, while "composite" and "industry" groups, were renamed as "corporate governance committees", respectively "enterprises", related to their content made of special boards or committees set up for corporate governance issues or associations dealing with private business. Besides that, two new groups ("securities" and "financial") were added, referring to those issuer coming from those economic fields suggested by each group's name.

Moreover, we treated as a different variable the development of a code by a working group ("composite" group, according to prior literature), measuring it by the number of different areas where members' group are coming from.

Finally, we considered for our analysis two more categories of features related to corporate governance codes besides issuer's type. One category refers to codes' history, while the other one is focused on transparency and disclosure, all these being detailed in the sub-section dealing with variables definition.

Making use of data collected in this respect and appealing to statistical tools, our paper is aimed to identify possible correlations between various codes' characteristics and their interest in making "internal" information publicly available.

Hence, our second hypothesis can be stated as the following:

**H2: There is a relationship between certain features of corporate governance codes and "transparency and disclosure" issues provided.**

Finally, by testing the above hypotheses, we estimated the following linear regression model, using the ordinary least squares (OLS) technique, that reveals the influences of codes' features over the disclosure index (D&T S_Index):

$$D\&T\ S\_Index = f\ (vi) = const + \alpha i * vi$$

where *vi*, are all significant dependent variables analyzed (respectively various features of corporate governance codes) that might have an influenced over the independent variable expressed by D&T S_Index (the index that measures the extent to which each code complied with general principles of good corporate governance as regards disclosure and transparency).

*Sample selection and variables definition*

The sample used in our study consists of the European Union member states, all twenty-seven countries having currently adopted a corporate governance code, according to the website of the European Corporate Governance Institute - an international scientific non-profit association promoting best practice in this field, which was the main source of information for our research.

The empirical analysis performed uses a set of independent variables and one dependent variable for testing possible correlations between them.

*The independent variables* comprise various features of corporate governance codes mainly related to their issuer, history and importance given to aspects about "transparency and disclosure". The entire set of 12 independent variables used, their meaning and values assigned are detailed below:

- *CIT (Code's Issuer Type)* – this variable takes values from 1 to 5 as it follows: 1 value for those issuers who are members of various trade, industrial or enterprise associations ("enterprise"), 2 value in case of codes issued by financial institutions or authorities ("financial"), 3 value if a national stock exchange has settled the code ("exchange"), 4 value in case of codes issued by securities commissions or investment companies ("securities"), while 5 value is assigned to codes issued by special committees set up for corporate governance issues ("corporate governance committees").
- *CDD (Code's Development Diversity)* – it refers to those cases when a code was developed by working groups made of specialists from various fields, like: members of federations or associations from private environment, academic professors, members of internal auditors' institutes or accountants' associations, officials of banking, finance, insurance or securities commission, investment brokers and other financial representatives; this variable is expressed in absolute values;
- *AYFC (Adoption Year of the First Code)* – it refers to the year of adoption the first code on corporate governance; this variable is expressed in absolute values;
- *AN (Amendments Number)* – it reflects the total number of amendments to a code from the first adoption up to present; this variable is expressed in absolute values;
- *AYCC (Adoption Year of the Current Code)* - it refers to the adoption year of the corporate governance code presently in force; this variable is expressed in absolute values;
- *CNP (Code's Number of Pages)* – it shows the length of a code expressed by the total number of pages; this variable is expressed in absolute values;
- *DC (Disclosure Chapter)* – it is a binary variable, which takes 1 value if a code has a separate chapter dealing with transparency and disclosure issues and 0 value otherwise;

- *DCNP (Disclosure Chapter's Number of Pages)* - it shows the length of the chapter dealing with transparency and disclosure, being expressed by its number of pages; this variable is expressed in absolute values;
- *DK (Disclosure Keyword)* – it counts for word "disclosure" in the whole text of the code; this variable is expressed in absolute values;
- *TK (Transparency Keyword)* - it counts for word "transparency" in the whole text of the code; this variable is expressed in absolute values;
- *CGDTD (Corporate Governance Definition reference to Disclosure/Transparency)* – it is a binary variable, which takes 1 value if the definition of corporate governance refers to "disclosure" or "transparency" and 0 value otherwise;
- *DTD (Disclosure / Transparency Definition)* - it is a binary variable, which takes 1 value if either "disclosure" or "transparency" are defined within the code and 0 value otherwise.

*The dependent variable* used in our study (D&T S_Index) is the Jaccard's similarity index established for each corporate governance code, revealing the degree of similitude between them and OECD principles as regards the compliance with disclosure and transparency requirements and recommendations (Ştefănescu, 2011).

*Empirical findings*

*a) 1st hypothesis testing*

To ensure comparability between our empirical results and prior findings in order to test our first hypothesis, we reduced our sample just at the European Union member states previously analyzed (Cicon et al., 2010), considering their classification according to the issuer's type.

Table 1 comprises a detailed situation of codes distribution across issuer type and country, providing as well the values of disclosure index (D&T S_Index).

**Table 1 Distribution of codes across issuer type and country**

| Country | D&T S_Index | Codes' Issuer Type (*) |
|---|---|---|
| Austria | 0.605 | Composite |
| Hungary | 0.605 | Industry |
| Luxembourg | 0.605 | Exchange |
| UK | 0.579 | Government |
| Slovakia | 0.579 | Exchange |
| Belgium | 0.579 | Composite |
| Latvia | 0.447 | Exchange |
| Slovenia | 0.447 | Exchange |

| | | |
|---|---|---|
| Greece | 0.447 | Industry |
| Finland | 0.447 | Industry |
| Poland | 0.421 | Exchange |
| Czech Republic | 0.421 | Government |
| Spain | 0.395 | Government |
| The Netherlands | 0.395 | Government |
| Portugal | 0.368 | Government |
| Sweden | 0.289 | Industry |
| Romania | 0.237 | Industry |
| Germany | 0.211 | Government |
| Estonia | 0.211 | Exchange |
| Italy | 0.211 | Exchange |
| France | 0.184 | Industry |

*(*) according to prior classification (*Cicon et al., 2010)
Source: own results and prior research findings (Cicon et al., 2010)

Basing on the disclosure index (D&T S_Index) of each corporate governance code and considering the four groups of issuers, we determined an average disclosure index for each group, thus allowing performing the proposed comparison analysis.

Table 2. provides data on distribution of codes across issuer type and "disclosure" theme weight, respectively average disclosure index.

**Table 2. Distribution of codes across issuer type and "disclosure" theme weight / average index**

| Issuer Type (*) | Average D&T S_Index | Accounting / Disclosure Theme Weight |
|---|---|---|
| Composite | 0.592 | 41.78% |
| Exchange | 0.417 | 34.18% |
| Government | 0.394 | 29.03% |
| Industry | 0.368 | 9.76% |

*(*) according to prior classification (*Cicon et al., 2010)
Source: own results and prior research findings (Cicon et al., 2010)

Values of the average disclosure index are consistent with prior findings, which reveal that the "composite" group focused on "accounting and disclosure" weighted this dimension of corporate governance more highly than any other issuer, being followed by "exchange" and "government" issued codes that also placed high emphasis on this theme. However, our index show higher values for all types of issuers and, unlike prior findings, little difference between "government" and "industry" issued codes.

Anyway, the importance given to "disclosure" by each type of issuer shows the

same order, thereby allowing us to **accept our first hypothesis (H1)**. Thus, we can assert that *the compliance of corporate governance codes with OECD principles as regards "disclosure and transparency" is consistent with prior research findings, considering the "code's issuer type".*

*b) 2nd hypothesis testing*

Our research does not stop just a simple comparison with previous conclusions reached by other authors interested on the same topic, but goes further, wondering if there is a "link" between codes' interest on promoting disclosure, as a good practice of corporate governance, and their issuer type. Consequently, it becomes natural asking ourselves *"Which type of issuer is the most interested in setting up a corporate governance code encouraging transparency?"* or even more than that *"Are codes developed by collaborations of various specialists "better" in this respect?".*

Answering to our first question through the average disclosure index probably would not lead us to the most appropriate result. Thus, we decided to perform a different analysis, trying to identify possible correlations between issuers' features (type and diversity) and codes' ability to ensure a high level of  disclosure and transparency.

This time, we considered for our analysis the whole sample of 27 member states of the European Union, thus ensuring a global comprehensive approach on this topic. The new variable introduced in our study, revealing the diversity of issuers involved in developing a code derives from the "composite group" defined by other researchers (Cicon et al., 2010), but it was given a different meaning by measuring the number of members implied in this process, coming from different fields.

For performing the analysis, we made use of Pearson correlation coefficient that is used for measuring the strength of linear dependence between two variables, giving a value between "1", that describes the perfect direct relationship and "-1", that reveals an indirect one, "0" value meaning that there is no linear correlation between variables.

Table 3. shows the values of Pearson correlations between disclosure index (D&T S_Index) and the two features of an issuer considered for analysis – its type and diversity:

**Table 3. Correlations between disclosure index and codes issuer features**

|  |  | D&T S_Index | CIT | CDD |
|---|---|---|---|---|
| D&T S_Index | Pearson Correlation | 1 | -.441[*] | .410[*] |
|  | Sig. (2-tailed) |  | .021 | .034 |
|  | N | 27 | 27 | 27 |
| CIT | Pearson Correlation | -.441[*] | 1 | -.626[**] |

| | | | | |
|---|---|---|---|---|
| | Sig. (2-tailed) | .021 | | .000 |
| | N | 27 | 27 | 27 |
| CDD | Pearson Correlation | .410[*] | -.626[**] | 1 |
| | Sig. (2-tailed) | .034 | .000 | |
| | N | 27 | 27 | 27 |
| *. Correlation is significant at the 0.05 level (2-tailed).| | | | |
| **. Correlation is significant at the 0.01 level (2-tailed).| | | | |

Source: calculations made by authors using SPSS software

By analyzing the values of Pearson's coefficient, we reached to the conclusion that there is a medium indirect, respectively direct correlation between the dependent variable (D&T S_Index) and the independent variables CIT (Code's Issuer Type) and CDD (Code's Development Diversity), both of them being significant with a high probability of 95% (Sig. < 0,05).

Thus, our wondering about a possible relationship between codes' interest on promoting transparency and certain features of the issuer reaches to an affirmative consensus. Moreover, we also received an answer to our questions. Accordingly, those codes developed through the collaborations of a wider range of specialists, coming from various economic fields, and issued by special committees set for this purpose (classified as "corporate governance committee" group) appeared to be most closer to the ideal model of best practices on corporate governance by means of disclosure and transparency. On the opposite side, there are corporate governance codes developed by a single issuer, more exactly those classified on "enterprises" group, that are more likely to defend their own interests through as little information disclosure as possible, rather that ensuring a transparent image.

The positive answers received to our questions made us going further, looking for other such factors of influence than features related to codes' issuer. Consequently, we continued our empirical study searching for other correlations. In these respect, we tested the influences of codes' history, intending to identify if a recent or a distant adoption of the first corporate governance code or of the current one, as well as the number of amendments to a code, might have an influenced over their content as regards transparency and disclosure provisions.

In table 4. there are presented the values of Pearson coefficient, very close to zero for all three considered variables AYFC (Adoption Year of the First Code), AN (Amendments Number) and AYCC (Adoption Year of the Current Code), thus revealing that any factor is not relevant for justifying any correlations. Consequently, these variables will be excluded from the final part of our study dealing with model development.

**Table 4. Correlations between disclosure index and codes history**

| | | AYFC | AM | AYCC |
|---|---|---|---|---|
| D&T S_Index | Pearson Correlation | .052 | .163 | .237 |
| | Sig. (2-tailed) | .797 | .416 | .234 |
| | N | 27 | 27 | 27 |

Source: calculations made by authors using SPSS software

Finally, we have also tested the impact of various other features of a code like its length, the existence of a separate chapter dealing with disclosure and transparency and its length, the frequency of using these words and their definition, if it is provided.

Table 5. show the values of each considered feature analyzed: CNP (Code's Number of Pages), DC (Disclosure Chapter), DCNP (Disclosure Chapter Number of Pages), DK (Disclosure Keyword), TK (Transparency Keyword), CGDTD (Corporate Governance Definition reference to Disclosure/Transparency) and DTD (Disclosure/Transparency Definition).

**Table 5. Correlations between disclosure index and codes importance given to "transparency and disclosure"**

| | | CNP | DC | DCNP | DK |
|---|---|---|---|---|---|
| D&T S_Index | Pearson Correlation | .472$^*$ | .444$^*$ | .638$^{**}$ | .694$^{**}$ |
| | Sig. (2-tailed) | .013 | .020 | .000 | .000 |
| | N | 27 | 27 | 27 | 27 |
| | | TK | DTD | CGDTD | |
| D&T S_Index | Pearson Correlation | .524$^{**}$ | .418$^*$ | .153 | |
| | Sig. (2-tailed) | .005 | .030 | .445 | |
| | N | 27 | 27 | 27 | |
| *. Correlation is significant at the 0.05 level (2-tailed).* | | | | | |
| **. Correlation is significant at the 0.01 level (2-tailed).* | | | | | |

Source: calculations made by authors using SPSS software

Pearson's coefficient values reveal that usually, those codes having a large separate chapter dealing with corporate governance and which frequently use the words "disclosure" and "transparency" are the one that are closest to the "ideal" model of best corporate governance practices. This conclusion is explained in more than a half of cases (between 52,4% and 69,4%), being significant with a high probability of

99% (Sig. < 0,01). Moreover, evidence show that a large code, defining these concepts are also good influences in the same respect, but are able to explain this in less than a half number of cases (between 41,8% and 47,2%), their significance being lower (with a probability of 95% (Sig. < 0,05)).

However, overall, our empirical findings allow us **to accept the second hypothesis (H2)**, too. Thus, we can assert that *there is a relationship between certain features of corporate governance codes and "transparency and disclosure" issues provided.*

*c) model development*

Basing on correlations already identified between variables, we continued performing our analysis by measuring to which extent is the dependent variable explained by all independent ones that proved to be significant.

Table 6. and 7. are aimed to reveal the relationship between the variables and its significance.

**Table 6. The relationship between dependent variable and independent variables**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .834[a] | .696 | .561 | .106394 |
| *Predictors: (Constant), CIT, CDD, CNP, DC, DCNP, DK, TK, DTD* | | | | |

Source: calculations made by authors using SPSS software

**Table 7. The significance of the relationship between variables**

ANOVA[b]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .466 | 8 | .058 | 5.150 | .002[a] |
| | Residual | .204 | 18 | .011 | | |
| | Total | .670 | 26 | | | |

a. Predictors: (Constant), CIT, CDD, CNP, DC, DCNP, DK, TK, DTD

b. Dependent Variable: D&T S_Index

Source: calculations made by authors using SPSS software

Accordingly, as regards the significance of the relationship between dependent variable and all independent variables that proved to be important, we can assert that these is explained just in 56,1% of cases, as R Square calculated shows.

Finally, using the ordinary least squares technique (OLS), we developed the following *linear regression model*, revealing all influences of codes' features over D&T S_Index, that measures the extent to which each code complied with general principles of good corporate governance as regards disclosure and transparency:

$$D\&T\ S\_Index = f(v_i) = const + \alpha_1 * CNP + \alpha_2 * DC + \alpha_3 * DCNP + \alpha_4 * DK +$$
$$+ \alpha_5 * TK + \alpha_6 * DTD + \alpha_7 * CIT + \alpha_8 * CDD$$

where the coefficients of correlations are detailed in Table 8.:

**Table 8. Coefficients of correlation between variables**

| Model | | Unstandardized Coefficients | | Standard. Coeff. | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .286 | .124 | | 2.301 | .034 |
| | CNP | .003 | .002 | .383 | 1.487 | .154 |
| | DC | .027 | .075 | .085 | .363 | .721 |
| | DCNP | .017 | .014 | .325 | 1.230 | .234 |
| | DK | .002 | .002 | .183 | .687 | .501 |
| | TK | -.001 | .005 | -.054 | -.257 | .800 |
| | DTD | .122 | .049 | .384 | 2.483 | .023 |
| | CIT | -.032 | .024 | -.262 | -1.330 | .200 |
| | CDD | -.037 | .030 | -.255 | -1.241 | .231 |
| a. Dependent Variable: D&T S_Index | | | | | | |

Source: calculations made by authors using SPSS software

### 4. Conclusions

The results of the analysis performed for testing the first hypothesis of our paper are consistent with prior literature findings, adding value to our research by making use of an index of disclosure and transparency developed through a different method (based on Jaccard coefficients) than those used before by authors focused on similar topic, such as Latent Semantic Analysis (Cicon et al., 2010) or the "leximetrics" methodology (Lele and Siems, 2007; Siems, 2008). Thus, the level of importance given to transparency and disclosure in corporate governance codes was highest for those codes that contain representatives from at least two other groups, followed immediately by codes whose issuer are represented by national stock exchanges or

national legislatures or governmental ministries. Corporate governance codes issued by industry or trade associations are in the last place, but much closer to previous group than prior research findings (Cicon et al., 2010).

The second hypothesis of our study brought another piece of originality to our paper not only through a different classification of codes' issuer, inspired from the same prior related research, but mainly through the correlations identified by using statistical tools (Pearson coefficient). Thus, related to the new groups of issuers created, the "corporate governance committee group" made of specialists coming from various economic fields proved to be the one that issued codes approaching the most the ideal model of best practices on corporate governance by means of disclosure and transparency. Moreover, our evidence shows that, besides issuer's type and diversity, there are other features of a code that might influence the level of importance given to transparency and disclosures. These features are related to the length of a code, the separate chapter dealing with disclosure and transparency and its length or the frequency of using these words and their definition. On the other hand, we discovered that it does not matter how sooner or latter was adopted neither the first corporate governance code nor the current one. The number of amendments made to a code from its first adoption proved to have no importance, too.

In conclusion, the performed empirical analysis provided consistent evidence, therefore allowing us to accept both hypothesis made and to create a function of regressions revealing all correlations identified. Finally, we can assert that codes' issuer, but not only them, might influence the degree of compliance to requirements and recommendations made for helping each country in developing and implementing a good corporate governance system ensuring a higher level of transparency and disclosure.

### 5. Acknowledgment

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