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Determinants of employment benefits disclosure in Baltic companies' financial statements

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Abstract. *This study investigates the extent and determinants of employee benefits disclosure in the financial statements of companies listed on the Baltic Stock Exchange (Lithuania, Latvia, and Estonia) during the period 2019–2023. Given the significance of employee-related costs and the obligations imposed by IFRS—particularly IAS 19, IAS 24, and IFRS 2—the research aims to assess how comprehensively companies comply with these standards and which determinants influence their reporting practices. The study uses a structured disclosure checklist and constructs an information disclosure index (IDI) based on the presence and completeness of required disclosures. Data were collected from 14 companies in the consumer goods and utilities sectors. The average IDI was found to be 73.89%, indicating a medium level of disclosure, with notable variation across companies and countries.*
Using multivariate panel regression, the study identifies company size, financial leverage, and sector as statistically significant determinants of disclosure. Larger companies tend to disclose less, while firms with higher leverage disclose more. Companies in the utilities sector provide more comprehensive disclosures than those in consumer goods. Profitability, audit firm (Big4), and corporate governance variables (board size and independence) did not show significant influence. The findings partially align with international literature but diverge in key areas, especially regarding the non-significance of profitability and auditing by Big4 in the Baltic context.
The regression model explained approximately 29% of the variation in disclosure levels, and robustness was ensured by addressing heteroscedasticity through weighted least squares (WLS). The study also confirms that inconsistencies in reporting may stem from differences in economic conditions, industry characteristics, and institutional pressures across regions. The research offers practical implications for regulators, auditors, investors, top managers of the companies, and financial statement preparers, urging stricter enforcement and deeper understanding of IAS/IFRS requirements. It also highlights the need for future research in similar fast-developing markets using broader datasets and additional explanatory variables.

Keywords: employee benefits, disclosure, determinants, financial statements, Baltic.

Introduction

Financial statements are a fundamental tool for assessing a company's performance and financial position. They provide stakeholders—including investors, creditors, suppliers, and management—with key insights into the company's assets, profitability, and cash flow. For these statements to serve their purpose effectively, it is crucial that they present a comprehensive and accurate picture of the company's financial condition. This includes not only the primary statements but also the accompanying explanatory notes, which ensure a true and fair representation of all relevant accounting elements.

Employee engagement stands out as one of the pivotal contributors to the success of a company in the dynamic landscape of contemporary business [1]. Skilled and committed employees contribute significantly to achieving performance targets and broader organizational goals by creating value through their roles in product development, service delivery, and customer relations. As such, investing in human capital is vital for ensuring an organization's

long-term sustainability. In a talent-driven market, major corporations face growing pressure to attract and retain qualified professionals, leading them to implement various strategies to strengthen employee retention. Among these, employee benefits play a crucial role in enhancing workforce stability and economic well-being [2]. Given their financial significance, employee benefits represent a material component of operating costs and should be transparently reported in financial statements. Similarly, [3] emphasize the need for companies to provide not only competitive wages but also robust social protections, which often include supplementary compensation schemes. As employees are central to value creation and represent a significant cost determinant, accurate and comprehensive disclosure of employee benefits is essential in corporate reporting.

Numerous studies [4-9] have shown that many companies fail to fully comply with the disclosure requirements outlined by International Financial Reporting Standards (IAS/IFRS), resulting in inconsistent and incomplete financial reporting. This lack of uniformity can distort the company's image and potentially mislead stakeholders, contributing to inaccurate market perceptions. While "more than 140 jurisdictions now require or permit listed companies to follow IAS/IFRS" [9] and many companies voluntarily adopt these standards worldwide and the fairness of audited financial statements of the biggest companies should be obvious, but the previous studies in both developing and emerging markets (Brazil, Bahrain, Ghana, Bangladesh, India) and developed markets (UK, French) showed the low or medium level of financial information disclosures. The disclosure of financial information is mandatory and has an impact on all participants in the market. The systematic literature review [10] highlighted that "smaller listed companies remain largely unexplored" and identified limited evidence of compliance with specific standards such as IAS 19 (employee benefits) and IFRS 2 (share-based payments). Given these gaps, there is a clear need to examine financial disclosure practices in rapidly developing markets, particularly in the Central and Eastern European (CEE) region. In the Baltic context, only a few relevant studies exist [11], [12] analyzing disclosures of liabilities and pension-related information over 15 years ago in Lithuania. Notably, the [11] study assessed non-listed companies and also found disclosure levels to be low or medium. This highlights the need to reassess current practices. Therefore, this study seeks to evaluate the extent of employee benefits disclosure in the financial statements of publicly listed companies in the Baltic countries—Lithuania, Latvia, and Estonia—and to identify the key determinants that influence disclosure practices.

Accurate and complete compliance with relevant legal and regulatory frameworks is critical when presenting corporate financial statements. Given that employees are among an organisation's most valuable assets, it is essential that their benefits are properly accounted for in financial reporting. Employee benefit costs are a major component of a company's operational costs [16], which reinforces the need for precise and transparent accounting in this area. These costs impact both the overall cost structure and the liability profile of the organisation. Inadequate disclosure of such costs in the income statement and explanatory notes can lead to inflated net profit figures, compromising the integrity and fairness of the reported financial results. This lack of transparency may mislead stakeholders regarding the company's true financial condition and performance. Furthermore, excluding employee benefit obligations can understate liabilities, which may distort financial leverage ratios and affect perceptions of the company's debt capacity. For these reasons, strict adherence to accounting standards governing employee benefits is vital to ensure the financial statements provide an accurate and reliable picture of the company's financial position.

Literature review

According to [14], to understand the impact of information disclosure, it is important to examine the level of mandatory information disclosure by investigating whether companies comply with mandatory information disclosure requirements and what determinants have the greatest impact on compliance. Around 2000, IAS/IFRS gained significant importance, leading to a substantial increase in literature examining compliance with disclosure requirements. [4] analyzed Brazilian firms' compliance with various IAS/IFRS and reported a wide variation in disclosure indices, ranging from 0.07 to 0.354 at the item level, and 0.141 to 0.430 at the standard level. [5] investigated the level and determinants influencing the level of intangible assets disclosure (IAS 38) in *Ghanaian* companies, and the average compliance level was 61%. [6] studied the disclosure of IFRS 16 in *Bahrain* companies, and the disclosure index by item was 0.15 – 0.83. [7] founded the highest level of compliance in the telecommunication sector (76%) and the lowest level of compliance in the IT sector (28%), the average compliance was around 50%, which indicates a significant non-compliance (remaining 50%) of the IFRS 15 requirement in *Bangladesh.* Over a six-year span, [8] found that UK companies disclosed only 42.93% of the required information under IFRS 7 and IAS 39, highlighting moderate compliance. [9] investigated the disclosure level of 15 IFRS in *French* companies and found the minimum value of the disclosure index 0.05, maximum – 0.632, average – 0.295. "There is considerable evidence that companies claiming to apply IAS/IFRS do not comply with the information disclosure procedures specified by these standards" [15].

After reviewing the most relative previous empirical studies [4-9], several interdependent determinants—both internal and external—have been identified as influencing the extent to which companies disclose financial information in their statements. The *company size* [4-8], [16]), *profitability* [6], [8], [9]), *age* [16], [17], *financial leverage* [4-6], [16], [8], [9] and *ownership structure* [18], [16], [5] are internal characteristics that have been shown to significantly influence both the comprehensiveness and depth of financial disclosures. Another significant category is corporate governance determinants such as *board size* [5] and *its independence* [16], [5], which can influence the informativeness of financial statements and compliance with regulatory requirements. In addition to internal governance and financial

indicators, industry characteristics [5] and external auditors [19], [16], [5], [6], [9] also play a role in shaping disclosure behavior because companies operating in regulated or complex markets must disclose more information to ensure reliability and transparency. According to [10] systematic literature (70 studies analysed) review results, the large majority of studies explore determinants of compliance to IAS/IFRS (42/70) and the most common determinants considered include *audit firm size* (18 studies), *company size* (17 studies), and *leverage* (11 studies), also from 2012, *corporate governance characteristics* have been considered as determinants and were investigated by 15 studies.

Previous empirical findings reveal considerable variation in the extent of information disclosure, with [9] reporting a low disclosure index of 0.05, while [6] observed a much higher index of 0.83. Therefore, not all companies in developing countries (Ghana, Brazil, Bahrain, Bangladesh, India) and developed countries (France, UK) are inclined to comply with IAS/IFRS information disclosure requirements, and more research evidence in this field is needed in the CEE countries context. Understanding the determinants that influence disclosure practices is essential for assessing how companies respond to regulatory demands, uphold financial transparency, and build investor trust. Drawing on the objectives of this study and insights from prior research [4-6], [8-9], the following hypotheses are proposed:

H1 – Compliance with employee benefits disclosure requirements in IFRS is high.

H2 – Company-specific determinants (size, profitability, leverage) affect the disclosure of employee benefits under IFRS.

H3 – External company determinants (sector, audit company) affect the disclosure of employee benefits under IFRS.

H4 – Corporate governance determinants (board size, independence) affect the disclosure of employee benefits under IFRS.

Methodology

Accounting and disclosure of employee benefits are regulated by IAS 19 "Employee Benefits", IAS 24 "Related Party Disclosures", and IFRS 2 "Share-based Payment". "Employee benefits are all forms of consideration paid by a company in exchange for services rendered by employees or for the termination of employment" (wages, annual leave, various bonuses, severance payments, pensions) [20] for the employees and their dependents or beneficiaries. To retain or attract as many competent employees as possible, employers compensate employees for their dental, medical, life, and disability insurance premiums. Such benefits and payments can increase the company's labour costs, which are included in the company's operating results. "The company is required to disclose the following information in its financial statements: the characteristics of bonus plans and the risks associated with them; the amounts arising from defined bonus plans; and detailed explanations of how defined bonus plans may affect the company's future cash flows" [20].

In accordance with IFRS [20], companies are required to provide detailed disclosures regarding key management personnel compensation. This includes separating fixed elements such as base salaries from performance-based components, as well as reporting any loans extended to or received from management and their respective values. These disclosures help ensure that financial statements provide a transparent view of the organization's obligations and the economic benefits linked to executive services.

Under IFRS 2, companies must present share-based payment arrangements—including share options, appreciation rights, and equity grants—provided to employees or other related individuals. Financial statements should disclose the nature and scope of these arrangements during the reporting period, explain the valuation methods used for both the received goods or services and the granted equity instruments, and outline the resulting impact on the company's income statement and overall financial position for the reporting period [20].

To evaluate the extent of employee benefits disclosure, a structured questionnaire was developed referencing the requirements outlined in IAS 19, IAS 24, and IFRS 2. The instrument was further corrected by the corresponding disclosure checklists published by Deloitte [21], covering key areas such as short-term and long-term benefits, termination benefits, defined benefit obligations, employee incentive programs, and equity-based compensation. This approach mirrors methodologies used in prior studies [4-9], which assessed companies' compliance with IAS/IFRS.

In 2023, the Nasdaq OMX Baltic market comprised 52 listed companies. The sample for this study was selected based on the following criteria: 1) inclusion of sectors with the highest number of companies—such as discretionary consumption, financial services, consumer goods, industrial products, utilities, and real estate; 2) representation of sectors with the highest revenue in 2023—specifically, utilities, consumer goods, and discretionary consumption; 3) geographic representation across all three Baltic countries—Lithuania, Latvia, and Estonia—focusing on companies within the utilities and consumer goods sectors; 4) exclusion of financial sector companies due to the unique nature of their financial reporting; and 5) inclusion only of companies preparing financial statements in accordance with IAS/IFRS (excluding one Latvian company using national accounting standards).

In the first stage of the study, the audited financial statements of 14 companies covering the period from 2019 to 2023 were analyzed. The information source is reliable, as all annual reports of the studied companies were signed, audited, and submitted on the Nasdaq OMX Baltic website [22]. Based on the analyzed disclosure elements outlined in IAS 19, IAS 24, and IFRS 2, as well as prior studies [5-9], [19], [23], a checklist of required disclosure elements was developed. The analysis focused solely on the presence of information, without evaluating its qualitative characteristics. Disclosure items were scored as follows: 0 – the information was absent in both the accounting policy and the explanatory notes; 0.5 – the item was mentioned in the accounting policy, but not fully addressed in the notes; 1 – the

information provided was thoroughly disclosed across both sections, clearly presented, and fully aligned with the relevant IFRS requirements.

To measure the extent of employee benefits disclosure, an Information Disclosure Index (IDI) was constructed for each company in the sample. Consistent with methodologies employed by [4], [5], this approach allows for a systematic quantification of disclosure compliance with IAS/IFRS requirements. As also highlighted in the literature review by [10], disclosure indices are widely used to evaluate reporting transparency and adherence to international standards. Each employee benefit element required by IAS 19, IAS 24, or IFRS 2 was evaluated for its presence in either the accounting policies or the notes sections of the financial statements. If no disclosure was found and it was evident that the element was not applicable to the company's operations, it was excluded from the total count of required disclosures. For applicable items, scoring was based on the completeness of the provided information. The overall Information Disclosure Index (IDI) was then calculated using Formula (1), by dividing the total score of disclosed items (SDI) by the maximum number of items required to be disclosed (NIR):

$$IDI = \frac{SDI}{NIR} * 100 \qquad (1)$$

In the second stage of this study, a qualitative interpretation of disclosure levels was conducted using the calculated IDI values. The classification was as follows: an IDI above 80% indicated a high level of disclosure; values between 60% and 79% were categorized as medium; scores between 40% and 59% were considered low; and an IDI below 40% reflected a very low disclosure level.

In the third stage of the study, a multivariate linear panel regression analysis was conducted to assess how various determinants influence the level of employee benefits disclosure among companies in the Baltic region. The dependent variable in the model was the Information Disclosure Index (IDI), while the independent variables included: company size (SIZE) measured as the natural logarithm of total assets (in millions of EUR); profitability (ROA) calculated by dividing net income by total assets; financial leverage (LEV) defined as the ratio of total assets to equity; audit company (AUD) a binary variable where 1 denotes auditing by a Big4, and 0 by any other company; sector (SECT) 1 for companies in the consumer goods sector, and 0 for those in the utilities sector; board size (B_SIZE) represented by the total number of board members; board independence (B_IND) measured as the number of independent board members; countries (STATE) coded as 1 for Lithuania, 2 for Estonia, and 3 for Latvia. The regression results were generated using the multivariate linear regression model outlined in formula (2):

$$IDI_{it} = \beta_0 + \beta_1 * SIZE_{it} + \beta_2 * ROA_{it} + \beta_3 * LEV_{it} + \beta_4 * AUD_{it} + \beta_5 * SECT_{it} +$$
$$+\beta_6 * B\_SIZE_{it} + \beta_7 * B\_IND_{it} + \beta_8 * STATE_{it} + \varepsilon_{it} \qquad (2)$$

where IDI_{it} – information disclosure index (dependent variable); β_0: constant term – IDI; $\beta_1 - \beta_8$ –regression coefficients for each independent variable; ε_{it} is the error term, indicating the difference between factual data and predicted values.

Financial data for the independent variables — SIZE, ROA, LEV, and SECT — covering the years 2019 to 2023 were sourced from the Nasdaq OMX Baltic website. Information for the AUD variable was obtained from the companies' independent auditor reports, while B_SIZE and B_IND were derived from the corporate governance sections of the annual management reports. All statistical analyses and regressions were performed using Gretl software.

Results and further discussions

Descriptive statistics show most observations in the sample (65.71%) represent medium-sized companies with total assets below 250 million EUR. Companies with assets between 250 and 500 million EUR account for 17.14%, while 2.86% of the observations correspond to large companies with assets ranging from 500 to 750 million EUR. The remaining 14.29% are companies with assets exceeding 750 million EUR. Of the total, 55 observations involved companies audited by a Big4. In terms of governance structure, most supervisory boards comprised between 5 and 10 members, while 6 boards had 5 or fewer members. Notably, 57% of the companies had supervisory boards without any independent directors.

Table 1 summarizes the descriptive statistics for the analyzed variables. Among the Baltic listed companies in the consumer goods and utilities sectors, the lowest observed Information Disclosure Index (IDI) was 31.25%, recorded for an Estonian company. The highest IDI score, 87.5%, was achieved by a Lithuanian company. The mean IDI value of 73.89% suggests a generally medium level of disclosure across the sampled companies.

Table 1: Descriptive statistic

Variables	Mean	Median	Standard deviation	Minimum	Maximum
IDI	73.89	75	10.91	31.25	87.5
SIZE	5.493	5.315	1.115	3.409	8.57
ROA	0.033	0.031	0.056	-0.172	0.180
LEV	2.136	2.135	0.776	1.211	4.96
AUD	0.70	1	0.461	0	1
SECT	0.571	1	0.498	0	1
B_SIZE	4.757	5	1.429	1	7
B_IND	0.814	0	1.277	0	5
STATE_1	1.571	1	0.826	1	3
STATE_2	0.142	0	0.352	0	1
STATE_3	0.214	0	0.413	0	1

Source: Authors' own research.

To evaluate potential multicollinearity among the independent variables, Pearson correlation coefficients were computed. Although there is no strict threshold universally accepted in the literature, [24] recommends using a benchmark of ±0.8 as a practical cutoff. Table 2 displays the resulting correlation matrix. Two relationships exceeded this threshold: between STATE_1 and B_SIZE, and beteen STATE_1 and STATE_3. Due to this multicollinearity, STATE_1—defined as the base country category—was excluded from the regression model. All other variables remained within acceptable correlation levels and were retained for further analysis.

Table 2: Correlation matrix

Variable	SIZE	ROA	LEV	AUD	SECT	B_SIZE	B_IND	STATE_1	STATE_2	STATE_3
SIZE	1									
ROA	0.23	1.00								
LEV	–0.16	–0.52	1.00							
AUD	–0.19	0.02	0.11	1.00						
SECT	–0.53	–0.09	0.16	0.13	1.00					
B_SIZE	0.08	0.31	–0.22	–0.05	0.28	1.00				
B_IND	–0.27	–0.31	0.19	0.08	0.28	0.15	1.00			
STATE_1	–0.03	–0.05	0.12	0.30	–0.28	–0.81	–0.31	1.00		
STATE_2	0.02	0.00	–0.29	–0.09	–0.06	–0.22	–0.26	0.21	1.00	
STATE_3	–0.04	–0.05	0.24	0.34	–0.25	–0.72	–0.20	0.91	–0.21	1.00

Source: Authors' own research.

The Breusch-Pagan heteroscedasticity test indicated that the distribution of errors is heterogeneous, suggesting that the initial model estimates may lack efficiency and precision. To enhance the reliability of the regression results, the model was re-estimated using the weighted least squares (WLS) methodology. Table 3 summarises the final outcomes of the analysis.

The regression model used in this study was statistically significant and explained more than 29% of the variance in the IDI across the sample of listed Baltic companies. The F-test confirmed the model's significance, indicating that the selected independent variables effectively explain changes in the dependent variable (IDI). Among the company-specific determinants, both SIZE and LEV were found to statistically influence the disclosure of employees' benefits information in line with IAS/IFRS. Notably, the company size (SIZE) had a strong negative effect – each 1% increase in company size corresponded to a 0.0328 percentage point reduction in the IDI. The financial leverage (LEV) also had a statistically moderate positive impact, where a one-unit increase was linked to a 5.32 percentage point rise in disclosure. These results are in line with prior findings by [5], [14], [7], [8], [16], [19], who also highlighted size and leverage as influential disclosure determinants. The tendency of more leveraged companies to disclose more information may stem from a desire to maintain investor trust and signal financial stability. Additionally, the industry variable (SECT) showed a significant negative relationship, with companies in the consumer goods sector disclosing on average, 6.09 percentage points less than those in the utilities sector.

Table 3: Regression Results

Variables	Coefficient	Standard error	T - statistics	Probability
Const.	92.429	7.26246	12.73	0.0000
SIZE	−2.78424	0.681537	−4.085	**0.0001*****
ROA	9.30596	12.2292	0761	0.4497
LEV	2.79895	1.30177	2.15	**0.0356****
AUD	−1.5577	1.75832	−0.8859	0.3792
SECT	−6.08911	1.41745	−4.296	**0.0000*****
B_SIZE	−0.445793	1.17233	−0.3803	0.7051
B_IND	−0.472683	0.593022	−0.7971	0.4286
STATE_2	−0.923542	2.89915	−0.3186	0.7512
STATE_3	−3.01216	4.91263	−0.6131	0.5421
F-test	<0.05			
	$F_{(9, 60)} = 4.055265$			
Adjusted R^2	0.284955			
Sample	70 observations			

$* - p < 0.05; ** - p < 0.01; *** - p < 0.001.$

Source: Authors' own research.

This study presents results that differ notably from some prior research. While studies by [14], [19], and [8] identified profitability as a significant determinant influencing information disclosure, our analysis of Baltic-listed companies did not find a statistically significant relationship in this regard. This outcome aligns with the findings of [7], who also reported no substantial impact of profitability on disclosure levels. Additionally, unlike the conclusions drawn by [5], [14], [19], and [8], our findings indicate that the type of audit company—specifically whether it is part of the Big4—does not significantly affect the extent of financial disclosure among Baltic companies, despite the general assumption that Big4 auditors like typically impose more stringent transparency requirements on their clients, resulting in enhanced levels of information disclosure.

The analysis revealed that the Information Disclosure Index (IDI) is significantly affected by company size, financial leverage, and industry sector, leading to partial support for Hypotheses H2 and H3. Among the independent variables, financial leverage (LEV) exhibited the strongest positive influence on disclosure, while company size (SIZE) showed a negative relationship. Hypothesis H4 was rejected due to the lack of a statistically significant relationship between corporate governance determinants and disclosure levels. Hypothesis H1 was also rejected, as the mean value of the IDI was found to be 73.89%.

Conclusion

A review of existing empirical literature on corporate disclosure under IFRS/IAS indicates that full compliance with these standards is not consistently achieved across companies. Evidence from both developed economies (e.g., the UK, France) and developing and emerging markets (e.g., Brazil, Bahrain, Ghana, Bangladesh, and India) suggests that companies often omit certain required financial details and accounting policies in their annual reports. Numerous studies have identified a range of determinants influencing disclosure practices, which can be grouped into three categories: company-specific characteristics (such as size, age, profitability, and leverage), governance-related attributes (including ownership structure, board composition, and audit company type), and external influences (such as industry sector and audit company).

This research contributes to the broader understanding of financial information disclosure by focusing on small but rapidly developing markets, specifically the Baltic countries within the CEE region. The study examined employee benefits disclosures from 2019 to 2023 among companies listed on the Baltic Stock Exchange in Lithuania, Latvia, and Estonia. The analysis centered on two key sectors—consumer goods and utilities—chosen for their representativeness. The findings indicate that compliance with IAS 19, IAS 24, and IFRS 2 disclosure requirements is medium, with the overall Information Disclosure Index (IDI) averaging 73.89%. Notably, the lowest disclosure rate (31.25%) was recorded in an Estonian company, while the highest (87.5%) was observed in a Lithuanian company.

By applying multivariate panel data regression, this study found that the key determinants influencing the disclosure of employee benefits can be grouped into company-specific variables—namely, company size and financial leverage—and external variables such as industry sector. These results are broadly consistent with findings from previous studies, which have also identified these determinants as significant. However, in contrast to much of the international literature, this research, focused on Central and Eastern European (CEE) countries, specifically the Baltic region, did not find profitability or a Big4 to have a statistically significant effect on disclosure practices.

The variation in research outcomes can be interpreted by the institutional disclosure theory, which suggests that mandatory reporting supports compliance with legal frameworks. Nevertheless, companies are also influenced by broader social and political pressures, contributing to divergences in disclosure behavior. Consequently, this study

concludes that while determinants such as financial leverage, company size, and industry sector tend to play a notable role in shaping disclosure practices, the magnitude and nature of their effects are not uniform. These influences may shift depending on the specific economic landscape, market structure, and regulatory conditions in which companies operate.

This study offers practical insights for stakeholders operating in the Baltic financial environment. The findings highlight the need for various market participants—regulators, investors, auditors, company managers, and preparers of financial statements—to critically assess the completeness and reliability of disclosed financial data. Regulators and auditors are encouraged to strengthen the enforcement of IAS/IFRS standards to promote greater uniformity and transparency in corporate reporting. Enhanced transparency equips investors and stakeholders with better tools for evaluating financial performance and risk. Financial statement preparers should aim to deepen their technical knowledge of IFRS/IAS obligations and apply them more consistently. These findings also help companies refine their reporting processes to align with best practices, reinforcing both governance and stakeholder confidence. Furthermore, the results provide a valuable foundation for future academic research and offer auditors new perspectives for evaluating compliance. Overall, this research adds knowledge to understanding connections between theoretical regulatory frameworks and their application in practice.

As with most empirical research, this study has several limitations. First, the data collection for the disclosure index involves a degree of researcher discretion, which introduces potential subjectivity for results. Second, limitations arise from the way financial statements are presented—certain omissions made it unclear whether specific disclosures were omitted because they were not required under the applicable IAS/IFRS, or simply because the companies did not have relevant employee benefit transactions. Finally, future studies could benefit from analyzing a longer time period, as financial data for the past 10–15 years is now readily accessible. It is also recommended to incorporate additional independent (control) variables in the regression model to better capture the determinants of disclosure practices.

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