

FINANCIAL DISCLOSURE, ECONOMIC POLICY AND CULTURE ACROSS COUNTRIES

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ABSTRACT

This paper investigated the relationship between financial disclosure and two social institutional infrastructures across countries, economic policy and cultural values. Cultural values are represented by Schwartz (1999) most recent cultural values model. While, economic policy focused on the extent of government intervention in the economy. Empirical results highlighted a chain of significant relationships between these three aspects across countries. Furthermore, two variables on Language and the British heritage are adopted as instrumental variables for Embeddedness and Harmony cultural values respectively. Analysis results using two seemingly least square (2SLS) regression confirmed the existence of a path dependence relationship between culture and economic policy. These results were robust after control for several explanatory variables. This evidence represents an important contribution towards the development of a framework for financial disclosure practices across countries.

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