



THE LONDON SCHOOL  
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POLITICAL SCIENCE ■

## Department of Accounting

### Corporate Governance, Product-Related Voluntary Disclosure and Analysts' Forecasts Properties

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*Date:* 14 May 2013  
*Time:* 14.00 - 15.30  
*Venue:* OLD.6.06

#### Abstract

This paper uses a sample of US biotech firms to examine the *joint* impact of product-related voluntary disclosure and corporate governance on firms' information environment, in particular on analysts' forecast accuracy, dispersion, and precision of public and private information. We also investigate whether such information was consistently disclosed over time. Our findings, show the quality of corporate governance affects information transparency and plays a role in reducing uncertainty associated with firms' future performance by increasing the precision of analysts' common information and forecast accuracy when voluntary disclosure is constant over time. Analysts forecast dispersion decreases when more independent directors sit on the board. Voluntary disclosure and corporate governance quality are two mechanisms that act in tandem to improve the quality of information available to financial analysts.