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BRIDGING DISCLOSURE GAPS: THE ROLE OF INSTITUTIONAL INVESTORS IN CONTINGENT LIABILITIES REPORTING BY INDIAN LISTED COMPANIES

Keywords: contingent liabilities disclosure, institutional ownership, agency theory, emerging markets, corporate transparency.

J E L Classification: D82, G23, G34, M41.

Abstract: This study addresses an underexplored aspect of disclosure literature by examining how institutional investor heterogeneity – specifically foreign institutional investors (FII) and domestic institutional investors (DII) – influences contingent liabilities disclosure (CLD) in India. Drawing on agency, stakeholder, and resource dependence theories, this research analyzes how institutional investors reduce information asymmetry and enhance corporate transparency. Using data from 430 listed Indian firms spanning 5,483 firm-year observations (2006–2023), regression analysis is employed to assess the differential impacts of FII and DII on CLD, while controlling for firm-specific and sectoral variables. The results demonstrate that institutional ownership significantly enhances CLD, with FII exerting a notably stronger influence compared to DII. Larger firms exhibit higher disclosure levels due to increased scrutiny, whereas growth-oriented firms tend to limit disclosure strategically to protect competitive advantages. Sectoral analysis reveals stricter compliance in Basic Materials and Consumer Non-Cyclicals industries, with comparatively lower disclosure in the Fi-

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nancial and Technology sectors. The study contributes theoretically by highlighting institutional investors' multifaceted roles as governance agents, stakeholder representatives, and crucial capital providers. These findings offer timely insights for regulators and corporate leaders seeking to improve transparency standards and attract global investment through enhanced disclosure policies.

Introduction

The disclosure of contingent liabilities – uncertain financial obligations dependent on future events – is essential for corporate transparency and accountability. Firms increasingly face pressure to provide reliable, forward-looking information to meet stakeholder expectations and regulatory mandates. However, the extent and quality of contingent liabilities disclosure (hereafter, CLD) vary significantly, influenced by differences in ownership structures and governance practices. This study investigates the influence of institutional investors, specifically foreign institutional investors (FII) and domestic institutional investors (DII), on CLD within the Indian corporate environment. As a critical aspect of risk communication, CLD impacts investor confidence, credit ratings, and overall market efficiency. Understanding the determinants of CLD in emerging markets like India is vital for aligning governance systems with global transparency standards. Institutional investors possess the resources and incentives to demand greater transparency, yet their distinct roles in shaping CLD remain underexplored, warranting further examination to understand their impact on reducing information asymmetry and enhancing decision-useful reporting.

This research draws upon three theoretical frameworks. Agency theory (Jensen & Meckling, 1976; Shleifer & Vishny, 1997) highlights the conflict between managers and shareholders, proposing that institutional investors mitigate information asymmetry through enhanced monitoring and transparency demands. Stakeholder theory (Donaldson & Preston, 1995; Freeman, Wicks & Parmar, 2004) suggests that firms are accountable to various stakeholders – including regulators, creditors, and consumers and argues that transparent risk reporting meets these stakeholders' needs. Resource dependence theory (Pfeffer, 1972; Pfeffer & Salancik, 1978; Hillman, Withers & Collins, 2009) emphasizes firms' dependence on external capital, proposing that institutional investors, as key financial resource providers, encourage enhanced disclosure to secure ongoing funding. Together, these perspectives form a comprehensive framework for analyzing how institutional ownership shapes CLD practices.

Existing literature underscores the role of institutional investors in promoting corporate transparency. For instance, Borochin, Wang and Wei (2024) and Lin, Mao and Wang (2017) demonstrate that institutional ownership improves overall disclosure standards, while Gross (2022) and Zhou and Wang (2013) link institutional ownership to better recognition of contingent liabilities. Nonetheless, institutional investor behavior is heterogeneous. Hsu, Lai and Li (2016) show that domestic investors may immediately influence transparency, whereas foreign investors tend to have stronger yet delayed effects. Moreover, concentrated ownership structures and family dominance often suppress disclosure in emerging markets (Alshirah & Alshira'h, 2024; Shiri, Salehi & Radbon, 2016). Although these studies highlight the importance of institutional investors, they typically treat them as a homogeneous group, overlooking the distinct dynamics between FII and DII (Hsu et al., 2016; Alshirah & Alshira'h, 2024). The current study addresses this gap by examining the differentiated effects of FII and DII on CLD within the Indian context through a multi-theoretical lens.

The empirical analysis uses data from 430 listed Indian firms, encompassing 5,483 firm-year observations from 2006 to 2023. Regression models test the relationship between institutional ownership and CLD, separately analyzing FII and DII, while controlling for variables such as firm size, market-to-book ratio, and sector-specific characteristics.

The results indicate that institutional ownership significantly enhances CLD, with foreign institutional investors exerting a stronger positive influence than domestic counterparts. This finding supports the theoretical assertions that institutional investors, particularly FIIs, reduce managerial discretion (Jensen & Meckling, 1976), enhance accountability to broader stakeholder groups (Donaldson & Preston, 1995), and incentivize transparency to secure capital inflows (Pfeffer, 1972). Larger firms generally disclose more due to heightened scrutiny, while growth-oriented firms may strategically withhold disclosure to protect competitive advantages. Sectoral variations further highlight how industry-specific norms and regulatory expectations shape disclosure practices.

By situating institutional ownership and CLD within India's evolving governance framework, this study enriches the academic understanding of investor heterogeneity and disclosure practices in emerging markets. It provides actionable insights for corporate leaders aiming to align risk disclosures with investor expectations and for policymakers striving to enhance the effectiveness of disclosure regulations. Ultimately, this research contributes to ongoing efforts to improve transparency, accountability, and investor confidence in developing economies.

Theoretical Background

Agency theory emphasizes the conflict between managers (agents) and shareholders (principals), typically leading to information asymmetry (Jensen & Meckling, 1976; Fama, 1980; Shleifer & Vishny, 1997). Institutional investors play a crucial monitoring role, demanding transparent risk reporting, including contingent liabilities, to curb managerial discretion and lower agency costs. By insisting on clearer and more comprehensive disclosures, institutional investors strengthen internal governance mechanisms and improve informational reliability.

In contrast to agency theory, stakeholder theory regards firms as accountable to a broader array of groups, including creditors, regulators, and consumers, beyond just shareholders (Donaldson & Preston, 1995; Freeman et al., 2004). Contingent liabilities disclosure functions as a mechanism through which firms signal responsibility and establish legitimacy. Institutional investors, often representing both financial and societal interests, pressure firms to meet these broader stakeholder expectations. Enhanced contingent liabilities disclosure thus reflects not only investor scrutiny but also a firm's commitment to ethical and stakeholder-oriented transparency.

Resource dependence theory (Pfeffer, 1972; Hillman & Dalziel, 2003; Hillman et al., 2009) further underscores that firms depend on external capital and must maintain investor confidence to secure ongoing resource flows. Institutional investors, as key financial resource providers, wield significant influence over corporate policies and disclosure practices. Firms respond by enhancing the quality and clarity of contingent liabilities information, thereby reducing investor uncertainty and ensuring continued access to vital external resources.

Together, these theoretical frameworks offer a multi-dimensional perspective: institutional investors influence CLD by (a) monitoring and reducing managerial opacity (agency), (b) promoting legitimacy and stakeholder trust (stakeholder), and (c) securing consistent external financing (resource dependence). This integrated theoretical foundation clarifies why and how institutional ownership, especially amid uncertainties surrounding contingent liabilities, enhances corporate transparency and governance.

Literature Review

A growing body of research demonstrates that institutional investors play a pivotal role in shaping corporate disclosure practices and reducing information asymmetries. Their presence often compels management to provide more timely, reliable, and decision-useful information. For instance, long-horizon institutional investors improve market efficiency and drive peer pressure for clearer and higher voluntary disclosure standards (Borochin et al., 2024; Lin et al., 2017). In various markets, such as China, Japan, and the United States, institutional ownership has been linked to improved risk disclosure and better recognition of contingent liabilities (Zhou & Wang, 2013; Nagata & Nguyen, 2017; Gross, 2022). Meta-analytic evidence supports these findings, showing that institutional, foreign, and state ownership enhances disclosure quality, while concentrated and managerial ownership impedes transparency (Khlif, Ahmed & Souissi, 2016).

Although institutional ownership generally drives disclosure improvements, differences in market contexts reveal that not all institutional investors behave uniformly. For example, domestic institutional ownership in Taiwanese high-tech firms leads to immediate improvements in transparency, while foreign institutional investors exhibit delayed but stronger effects (Hsu et al., 2016). In emerging economies, factors such as family dominance and concentrated ownership negatively impact disclosure and increase information asymmetry (Alshirah & Alshira'h, 2024; Shiri et al., 2016). Ownership-control misalignment further complicates the relationship, as seen in Chinese firms where ultimate controllers reduce disclosure quality when cash flow and control rights diverge (Liu & Sun, 2010). These findings illustrate that institutional ownership's impact on disclosure depends on governance structures, industry conditions, and legal frameworks.

Despite significant evidence, gaps remain in understanding the role of institutional investors in contingent liabilities disclosure. Much of the existing research focuses on broad measures of disclosure quality or voluntary communications, with limited exploration of how institutional investors influence the complexity and timeliness of contingent liabilities reporting (Lin et al., 2017; Nagata & Nguyen, 2017). While mandatory rules like FIN 48 improve recognition of certain liabilities, there is little insight into how institutional investors address risks associated with intangible assets and multinational operations (Gross, 2022; Dyreng, Hanlon & Maydew, 2019).

Recent studies in emerging markets underscore the growing importance of non-financial disclosures in enhancing transparency and stakeholder trust. Baazaoui (2020) proposes refined methods for measuring disclosure quality, while Okpala and Iredele (2018) demonstrate its positive valuation effects. Similarly, Fidiana (2024) highlights how external pressures like media influence voluntary risk disclosures, echoing the governance role played by institutional investors in shaping corporate reporting practices.

Further research should clarify how investor heterogeneity and contextual factors influence contingent liabilities disclosure and advance the literature on corporate governance and transparency.

Research Gap and Motivation of the Study

Despite extensive literature on corporate governance and disclosure practices, limited empirical research has focused on the role of institutional investors in influencing contingent liabilities disclosure, particularly in emerging markets like India (Jensen & Meckling, 1976; Fama, 1980). Although existing studies have explored institutional ownership and its impact on corporate transparency, few have focused specifically on the reporting of contingent liabilities (Zhou & Wang, 2013; Nagata & Nguyen, 2017). The scarcity of studies examining the direct influence of institutional ownership structures – domestic versus foreign – on contingent liability disclosures in India is particularly pronounced. This gap in the literature is crucial given the growing demand for reliable, forward-looking information and transparency in corporate reporting, especially in emerging markets (Gross, 2022). As institutional investors fight to reduce information asymmetries through their voting power and engagement with managers, understanding the mechanisms at play becomes more important. Drawing from agency, resource dependence, and stakeholder theories, this study aims to explain how investor type impacts corporate disclosure practices in India (Freeman et al., 2004; Pfeffer, 1972). By addressing this gap, the study will enhance the knowledge of governance and transparency and offer a valuable contribution to the theory of institutional influence on corporate disclosure practices.

Despite extensive research on the influence of institutional investors on corporate disclosure, significant gaps remain in understanding how these forces shape contingent liabilities reporting. While previous studies have linked institutional ownership to improved transparency and information quality (Borochin et al., 2024; Lin, Mao & Wang, 2018), most have focused on broad disclosure or voluntary communications measures. Few have directly examined contingent liabilities, a critical yet complex area of financial reporting (Gross, 2022; Nagata & Nguyen, 2017). This gap is particularly salient in emerging markets like India, where unique governance structures, regulatory regimes, and ownership styles may alter the nature of institutional investors' influence. Prior studies highlight that family dominance, ultimate controlling shareholders, and concentrated ownership can undermine transparency (Shiri et al., 2016; Liu & Sun, 2010). However, limited empirical studies have explored how heterogeneous institutional ownership interacts with these conditions to shape contingent liabilities disclosure. Motivated by these gaps, the present research seeks to clarify how FII and DII ownership differentially affect contingent liabilities reporting. In this direction, the present research aims to advance current debates in corporate governance, offering insights into investor heterogeneity and addressing pressing demands for improved risk transparency in emerging markets.

Methodology of the Study

Data and Study Period

This study employs firm-level panel data extracted from the CMIE Prowess database, a widely used financial and ownership information source on Indian listed companies. The analysis focuses on firms reporting contingent liabilities and having institutional investor ownership data available. The sample spans the financial years ending March 2006 through March 2023.

Sample Selection

To form the sample, first, this study identified all listed Indian firms with data on contingent liabilities and institutional ownership for the chosen period. Then, it excluded firms with missing or inconsistent financial data. The final sample comprises 430 unique companies, representing 5,483 firm-year observations.

Empirical Model Specification

This study estimates two linear regression models to investigate the relationship between institutional ownership and the extent of contingent liabilities disclosure (CLD). The first model examines aggregate institutional ownership, while the second disaggregates ownership into domestic institutional investors (DII) and foreign institutional investors (FII). Industry fixed effects (sector dummies) are included to control for sector-specific variations in disclosure practices.

$$CLD=\beta 0 + \beta 1(INST) + \beta 2(SIZE) + \beta 3(MBV) + \beta 4(\text{Debt Ratio}) + \sum \beta k(\text{Sector Dummies}) \quad (1)$$

$$CLD=\beta 0 + \beta 1(DII) + \beta 2(FII) + \beta 3(SIZE) + \beta 4(MBV) + \beta 5(\text{Debt Ratio}) + \sum \beta k(\text{Sector Dummies}) \quad (2)$$

- CLD: Contingent liabilities disclosure score computed based on a number of items disclosed by the sample companies under the section contingent liabilities in their financial statements.
- INST: Aggregate proportion of institutional ownership, capturing the combined holdings of all institutional investors in the firm.
- DII: Proportion of domestic institutional investors' shareholding in the firm.
- FII: Proportion of foreign institutional investors' shareholding in the firm.
- SIZE: Natural logarithm of total assets, a proxy for firm size. Larger firms may have more complex operations and are expected to provide more detailed disclosures.
- MBV: Market-to-book ratio, representing growth opportunities and valuation, which may influence the breadth and depth of corporate disclosure.
- Debt Ratio: Ratio of total debt to total assets. Highly leveraged firms may face greater scrutiny from creditors and thus provide more rigorous disclosure.
- Sector Dummies: A set of industry-fixed effects to control for sector-specific heterogeneity in disclosure practices and regulatory frameworks.

Results of the Analysis

Descriptive Statistics and Correlation Analysis

Table 1. Descriptive Statistics

	mean	std	min	max	N
CLD	3.139	1.422	1.000	9.000	5,483
INST	22.771	14.371	0.000	85.470	5,483
DII	10.413	8.164	0.000	61.130	5,423
FII	12.193	10.176	0.010	68.270	5,244
SIZE	10.649	1.562	5.276	16.090	5,483
MBV	4.626	4.321	0.510	18.620	5,483
Debt Ratio	0.876	6.821	0.000	459.260	5,483

Source: author's calculations.

Table 1 presents descriptive statistics for key variables across 5,483 firm-year observations, highlighting noticeable variation in contingent liabilities disclosure (CLD), which averages 3.139 on a 1–9 scale. This spread implies that while some firms offer substantial information on potential obligations, others remain comparatively opaque. Institutional ownership averages around 22.77%, with domestic and foreign investors contributing roughly 10.41% and 12.19%, respectively, reflecting diverse investor interests that may drive firms toward more thorough disclosure. The firms vary significantly in size (SIZE 10.65) as well as in growth prospects (MBV mean = 4.63) and leverage (Debt Ratio mean = 0.88).

Table 2. Correlation Matrix

	MBV	Debt Ratio	SIZE	INST	FII	DII	CLD
MBV	1						
Debt Ratio	0.020	1					
SIZE	-0.173***	0.059***	1				
INST	-0.018	-0.012	0.350***	1			
FII	0.057***	0.012	0.304***	0.800***	1		
DII	-0.093***	-0.041***	0.217***	0.658***	0.120***	1	
CLD	-0.171***	0.008	0.209***	0.092***	0.062***	0.104***	1

Source: author's calculations.

The correlation matrix shown in table 2 highlights relationships among the variables in the study. Contingent liabilities disclosure (CLD) exhibits positive correlations with institutional ownership (INST: 0.092***), foreign institutional investors (FII: 0.062***), and domestic institutional investors (DII: 0.104***). Firm size (0.209***) positively correlates with CLD, emphasizing the role of larger firms in meeting stakeholder expectations. The market-to-book ratio (MBV) shows a significant negative correlation with CLD (-0.171***), suggesting that growth-oriented firms may limit risk disclosures.

Regression Analysis

Table 3. Regression Results for the Impact of Institutional Ownership on Contingent Liabilities Disclosure

Particulars	Standard Error	t-statistic	Prob	Prob
Constant	0.5800	0.0127	0.0000	0.7211
INST	0.0384	0.0140	2.7366	0.0062
SIZE	0.2397	0.0151	15.9095	0.0000
MBV	-0.1434	0.0135	-10.6074	0.0000
Debt Ratio	0.0105	0.0128	0.8258	0.4090

Table 3. Regression…

Particulars	Standard Error	t-statistic	Prob	Prob
Sector_Basic Materials	0.0742	0.0103	7.1959	0.0000
Sector_Consumer Cyclicals	0.0039	0.0107	0.3669	0.7137
Sector_Consumer Non-Cyclicals	0.0639	0.0121	5.2943	0.0000
Sector_Energy	0.0124	0.0125	0.9937	0.3204
Sector_Financials	-0.1562	0.0120	-13.0443	0.0000
Sector_Healthcare	0.0610	0.0115	5.3129	0.0000
Sector_Industrials	0.0437	0.0107	4.0955	0.0000
Sector_Real Estate	-0.0564	0.0124	-4.5625	0.0000
Sector_Technology	-0.0954	0.0116	-8.2137	0.0000
Sector_Utilities	-0.0595	0.0125	-4.7675	0.0000
R-squared	0.122	F-statistic		54.378
Adjusted R-squared	0.120	Prob (F-statistic)		0.000

Source: author's calculations.

The regression results indicate that institutional ownership (INST) positively and statistically significantly influences contingent liabilities disclosure (CLD). This finding aligns closely with agency theory (Jensen & Meckling, 1976; Shleifer & Vishny, 1997), which suggests that well-informed, economically motivated institutional owners reduce managerial discretion and information asymmetry, thereby enhancing transparency. Furthermore, stakeholder theory (Donaldson & Preston, 1995; Freeman et al., 2004) supports this result, as institutional investors – key stakeholders – actively encourage firms to disclose potential risks, strengthening legitimacy and trust. Likewise, resource dependence theory (Pfeffer, 1972; Hillman & Dalziel, 2003) posits that firms reliant on external capital must meet institutional owners' expectations for more comprehensive reporting to secure stable resource flows.

These results support recent empirical evidence. For example, Borochin et al. (2024) show that long-horizon institutional investors improve market efficiency by promoting clearer disclosures in complex legal contexts. Similarly, Lin, Mao & Wang (2018) find that institutional ownership heightens peer pressure to increase voluntary disclosures, while Gross (2022) and Alshirah and Alshira'h (2024) demonstrate that institutional influence leads to more rigorous reporting, even in riskier or emerging market settings. These studies corroborate our findings, indicating that institutional ownership fosters more robust governance and transparency around uncertain obligations.

Regarding control variables, firm size significantly and positively correlates with CLD, suggesting larger firms feel compelled to align with diverse stakeholder demands and regulatory scrutiny, consistent with stakeholder and resource dependence arguments (Mitchell, Agle & Wood, 1997; Hillman et al., 2009). The negative coefficient on the market-to-book ratio (MBV) indicates that growth-oriented or intangible-intensive firms may be more cautious in revealing potential liabilities, possibly reflecting strategic concerns about reputational damage or competitive disadvantage (Nagata & Nguyen, 2017; Dyreng et al., 2019). The debt ratio does not show significance, implying that leverage alone may not determine disclosure behavior. The present study's findings complement prior research highlighting that investor composition, rather than just financial structure, is pivotal in shaping reporting quality (Hsu et al., 2016; Khlif et al., 2016).

Sectoral differences further refine our understanding of disclosure motives. Industries such as Basic Materials, Consumer Non-Cyclicals, Healthcare, and Industrial sectors positively associate with CLD, potentially reflecting stricter compliance environments or greater stakeholder scrutiny. By contrast, sectors like Financials, Real Estate, Utilities, and Technology show negative associations, suggesting unique industry norms or competitive pressures that may constrain transparency. These cross-sectoral patterns align with the literature highlighting that industry context drives the impetus for disclosure (Zhou & Wang, 2013; Liu & Sun, 2010). The evidence strongly supports the theoretical premise that institutional ownership enhances contingent liabilities disclosure, thereby reducing agency problems, meeting stakeholder expectations, and accommodating resource dependencies. The association between institutional pressures, firm characteristics, and sectoral contexts provides a richer, more insightful understanding of the determinants of disclosure quality in contemporary markets.

Table 4. Impact of Domestic and Foreign Institutional Ownership on Contingent Liabilities Disclosure

Particulars	Coefficient	Standard Error	t-statistic	Prob
Constant	1.7425	0.0131	0.0000	1.0000
DII	0.0263	0.0141	1.8676	0.0619
FII	0.0830	0.0148	5.6115	0.0000
SIZE	0.1214	0.0163	7.4379	0.0000
MBV	-0.2445	0.0157	-15.5292	0.0000
Debt Ratio	0.0266	0.0132	2.0138	0.0441
Sector_Basic Materials	0.0727	0.0108	6.7019	0.0000
Sector_Consumer Cyclicals	-0.0106	0.0112	-0.9482	0.3431
Sector_Consumer Non-Cyclicals	0.0720	0.0126	5.7324	0.0000
Sector_Energy	0.0444	0.0128	3.4736	0.0005
Sector_Financials	-0.1392	0.0125	-11.1789	0.0000
Sector_Healthcare	0.0376	0.0119	3.1693	0.0015
Sector_Industrials	0.0429	0.0111	3.8529	0.0001
Sector_Real Estate	-0.0670	0.0130	-5.1589	0.0000
Sector_Technology	-0.1031	0.0121	-8.5129	0.0000
Sector_Utilities	-0.0359	0.0129	-2.7886	0.0053
R-squared	0.104	F-statistic		40.101
Adjusted R-squared	0.101	Prob (F-statistic)		0.000

Source: author's calculations.

The results shown in table 4 reveal that foreign institutional investors (FII) exert a stronger positive influence on contingent liabilities disclosure (CLD) compared to domestic institutional investors (DII). While DII also promotes greater transparency, its impact is comparatively low. This contrast affirms agency theory's premise (Jensen & Meckling, 1976; Fama, 1980; Shleifer & Vishny, 1997) that vigilant, economically motivated owners reduce managerial discretion and aligns with stakeholder theory (Donaldson & Preston, 1995; Mitchell et al., 1997) by showing that more sophisticated foreign investors demand enhanced disclosure to satisfy broader stakeholder interests. Moreover, resource dependence theory (Pfeffer, 1972; Hillman & Dalziel, 2003; Hillman et al., 2009) suggests that firms reliant on foreign capital improve CLD to maintain stable resource inflows. Recent empirical studies support these findings. Borochin et al. (2024) showed that long-horizon institutional investors improve market efficiency through clearer disclosures. Additionally, Dyreng et al. (2019) highlight the importance of investor sophistication in parsing complex risks, and Alshirah and Alshirah (2024) demonstrate how ownership structure influences transparency in emerging contexts.

The impact of controlling variables is qualitatively similar to that shown in table 3. Recognizing the heterogeneity of institutional investors enriches our understanding of CLD determinants. Foreign institutional investors emerge as a dominant influencer. This more granular view reveals that investor composition, firm characteristics, and sectoral contexts jointly shape transparency in reporting uncertain obligations.

Conclusion and Implications

This study examines the relationship between institutional ownership and contingent liabilities disclosure (CLD) in India, emphasizing differences between foreign institutional investors (FII) and domestic institutional investors (DII). The results confirm that institutional ownership significantly enhances CLD, with FII having a more pronounced impact than DII. These findings underscore institutional investors' role as key drivers of enhanced corporate transparency.

Theoretically, this research contributes to governance literature by integrating agency, stakeholder, and resource dependence theories. It illustrates how institutional investors mitigate information asymmetry, reinforce accountability, and shape disclosure practices through their monitoring roles, stakeholder alignment, and capital provisioning. This integrative theoretical framework offers insights into how investor heterogeneity influences disclosure, particularly within emerging market contexts where governance mechanisms continue to evolve.

From a practical perspective, the study provides valuable implications for corporate managers and policymakers. Firms can strengthen governance, boost investor confidence, and improve access to international capital by aligning their CLD practices with institutional investors' expectations, especially those of foreign investors. Regulators can leverage these findings to refine disclosure requirements, reflecting the growing influence of institutional ownership and encouraging more holistic reporting of contingent obligations. Future research may further explore the long-term impacts of enhanced CLD on firm performance, investor behavior, and systemic transparency across different sectors and geographic contexts, thus deepening the understanding of institutional investors' strategic role in shaping contemporary corporate reporting practices.

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