Abstract

The present study attempts to examine whether or not voluntary disclosure affects both stock liquidity & stock returns by taking 30 non-financial firms as a sample listed on PSX over the period 2010-2017. Theories suggest that increase in the efficiency of capital market & firm's earning qualities and reduction in agency cost & information asymmetry are due to voluntary disclosure by firms. The fixed effect models show that voluntary disclosure improves stock liquidity and stock returns by controlling other variables (firm size, growth, leverage, market capitalization and profitability). It is concluded that information discloses voluntarily affect the efficiency of market and improves stock returns and stock liquidity.