

## **ABSTRACT**

*This study aims to examine the effects of board of directors and the external auditors interlocks on the relationship between the levels of voluntary disclosures in the focal and related firms. Voluntary disclosure is additional information aside from mandatory information given by the company to stakeholders in annual report. The purposes of voluntary disclosure are reducing the information asymmetry between managers and investors, reducing litigation costs and increasing management's control. Board of directors interlock occurs when board of directors of a firm sit on the board of directors in other firms. External auditor interlock occurs when external auditor of a firm also worked for several other firms. This study is expected to give evidence that board of directors and external auditors interlocks have an important role for the company as a source of information exchange between related companies and may encourage companies to make changes in the voluntary disclosure practice is better in the annual report.*

*The population in this study are all non-financial companies publicly listed on the Indonesia Stock Exchange (IDX) 2014. Samples were selected based on predetermined criteria which include non-financial firms with boards of directors and external auditors interlocks and have complete data sets. The number of companies in the research samples were 48 companies. Regression analysis is used as main analysis tool.*

*The results of this study find that the level of voluntary disclosure in related firms' has a significant and positive effect on voluntary disclosure in focal firms' that have board of directors interlocks. When there are board of directors interlocks between firms, they have a higher probability to disclose similiar informations in their annual reports than firms without interlock ties. However, this research does not find evidence that the level of voluntary disclosure in related firms' that have external auditors interlocks affects voluntary disclosure in focal firms'.*

*Keywords: voluntary disclosure, interlock, board of director, external auditor*