

Corporate Governance and Disclosure Practices of Listed Companies in the ASEAN: A Conceptual Overview

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Abstract : Since the world has moved into a transitional period, known as globalization; the business environment is now more complicated than ever before. Corporate information has become a matter of great importance for stakeholders, in order to understand the current situation. As a result of this, the concept of corporate governance has been broadly introduced to manage and control the affairs of corporations while businesses are required to disclose both financial and non-financial information to public via various communication channels such as the annual report, the financial report, the company's website, etc. However, currently there are several other issues related to asymmetric information such as moral hazard or adverse selection that still occur intensively in workplaces. To prevent such problems in the business, it is required to have an understanding of what factors strengthen their transparency, accountability, fairness, and responsibility. Under aforementioned arguments, this paper aims to propose a conceptual framework that enables an investigation on how corporate governance mechanism influences disclosure efficiency of listed companies in the Association of Southeast Asia Nations (ASEAN) and the factors that should be considered for further development of good behaviors, particularly in regards to voluntary disclosure practices. To achieve its purpose, extensive reviews of literature are applied as a research methodology. It is divided into three main steps. Firstly, the theories involved with both corporate governance and disclosure practices such as agency theory, contract theory, signaling theory, moral hazard theory, and information asymmetry theory are examined to provide theoretical backgrounds. Secondly, the relevant literatures based on multi- perspectives of corporate governance, its attributions and their roles on business processes, the influences of corporate governance mechanisms on business performance, and the factors determining corporate governance characteristics as well as capability are reviewed to outline the parameters that should be included in the proposed model. Thirdly, the well-known regulatory document OECD principles and previous empirical studies on the corporate disclosure procedures are evaluated to identify the similarities and differentiations with the disclosure patterns in the ASEAN. Following the processes and consequences of the literature review, abundant factors and variables are found. Further to the methodology, additional critical factors that also have an impact on the disclosure behaviors are addressed in two groups. In the first group, the factors which are linked to the national characteristics - the quality of national code, legal origin, culture, the level of economic development, and so forth. Whereas in the second group, the discoveries which refer to the firm's characteristics - ownership concentration, ownership's rights, controlling group, and so on. However, because of research limitations, only some literature are chosen and summarized to form part of the conceptual framework that explores the relationship between corporate governance and the disclosure practices of listed companies in ASEAN.

Keywords : corporate governance, disclosure practice, ASEAN, listed company

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