

The Relationship between Corporate Governance and Intellectual Capital Disclosure: Malaysian Evidence

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Abstract : The disclosure of Intellectual Capital (IC) information is getting more vital in today's era of a knowledge-based economy. Companies are advised by accounting bodies to enhance IC disclosure which complements the conventional financial disclosures. There are no accounting standards for Intellectual Capital Disclosure (ICD), therefore the disclosure is entirely voluntary. Hence, this study aims to investigate the extent of ICD and to examine the relationship between corporate governance and ICD in Malaysia. This study employed content analysis of 100 annual reports by the top 100 public listed companies in Malaysia during 2012. The uniqueness of this study lies on its underpinning theory used where it applies the institutional isomorphism theory to support the effect of the attributes of corporate governance towards ICD. In order to achieve the stated objective, multiple regression analysis were employed to conduct this study. From the descriptive statistics, it was concluded that public listed companies in Malaysia have increased their awareness towards the importance of ICD. Furthermore, results from the multiple regression analysis confirmed that corporate governance affects the company's ICD where the frequency of audit committee meetings and the board size has positively influenced the level of ICD in companies. Findings from this study would provide an incentive for companies in Malaysia to enhance the disclosure of IC. In addition, this study would assist Bursa Malaysia and other regulatory bodies to come up with a proper guideline for the disclosure of IC.

Keywords : annual report, content analysis, corporate governance, intellectual capital disclosure

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